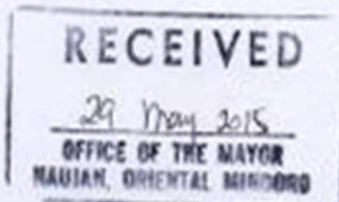




Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. IV-B  
Commonwealth Avenue, Quezon City



29 May 2015  
OFFICE OF THE MAYOR  
NAUJAN, ORIENTAL MINDORO  
MELVIN D. GUTAIN

May 12, 2015

**Honorable Mark N. Marcos**  
Municipal Mayor  
Naujan, Oriental Mindoro

Dear Mayor Marcos:

We are pleased to transmit the report on the results of the audit on the accounts and operations of that Municipality for the calendar year ended December 31, 2014, pursuant to Section 43 of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines", and in line with the Commission's effort towards informing management on how fiscal responsibility has been discharged.

Our audit was conducted in accordance with generally accepted state auditing standards, and we believe that it provided reasonable bases for the results of the audit.

We expressed a qualified opinion on the fairness of the presentation of financial statements of the Municipality of Naujan in view of the exceptions noted in audit as stated in the Independent Auditor's Report in Part I of the report.

The significant findings and recommendations that require immediate action are as follows:

1. The General Services Department continuously failed to conduct a complete physical inventory of the Property, Plant and Equipment (PPE) valued at ₱189,709,548.57, prepare the inventory report by year of acquisition starting on the current year downward and reconcile the results thereof with accounting records due to non-maintenance of property cards.

We recommended that the Inventory Team prepare plan for the conduct of physical count, set time frame to complete the conduct of the inventory taking and the preparation of the report. Thereafter, compare the inventory with the accounting records and submit copy of the Report on the Physical Count of Property, Plant and Equipment to the COA Auditor.

2. Unutilized balance of appropriation totalling ₱27,055,286.23 and unimplemented proposed projects under 20% development fund due to unfeasible project proposal and insufficient fund allocation

We recommended that the:

- Municipal Planning and Development Coordinator and the Municipal Engineer properly plan the implementation of the developmental projects, and ensure that all problems identified in the preliminary engineering of the projects are resolved before their inclusion to the priority development projects of the Municipality; and
  - Municipal Development Council and Budget Officer appropriate enough fund for the complete implementation of the identified projects and refrain from appropriating funds on a staggered basis.
3. Conditional approval of the Municipal's ten-year Solid Waste Management (SWM) Plan by the National Solid Waste Management Commission due to incomplete documentary and other requirements prescribed by Section 17 of Republic Act (RA) No. 9003

We recommended that the Municipal's SWM Board revisit the SWM Plan and revise it by incorporating therein all the requirements prescribed in Section 17 of RA No. 9003, and thereafter, submit the same to the NSWMC for approval.

We also recommended that the Municipal's SWM Board monitor and review the targets and strategies to ensure efficient management of the Municipality's SWM program.

4. Non-compliance with the basic requirement of RA No. 9003 in the operation of Municipal's Sanitary Landfill Category I in Barangay Buhangin and insufficient funds to finance the activities of SWM

We recommended and Management agreed that the Municipal's SWM Board monitor and evaluate the implementation of the SWM program and see to it that the requirements for the operations of the sanitary landfill is observed to ensure its continuous operation. Moreover, the Municipal officials review the budget set for SWM for the effective and efficient performance of its activities and programs.

5. Only the GAD plan of projects and activities for ₱7.3 million, which is 3.96% of the total appropriation of ₱184,663,914.00, were prepared and approved due to non-establishment of GAD database and inadequate awareness on GAD among municipal officials and employees. Moreover, only 36% of the GAD budget was utilized and the proposed projects were not fully accomplished.



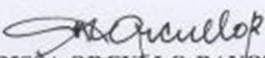
We recommended that the GAD Council and GAD Focal Point establish and maintain GAD database through gathering sex-disaggregated data and GAD-related information to come up with a more gender-responsive plan and programs. We also recommended that the GAD Focal Point include in their plan the conduct of training for full awareness on GAD so that the available database can guide them in determining the gender issues and activities to be planned and identified from the services rendered by each department. Likewise, the cooperation by concerned department heads are needed to ensure that the GPB is optimally utilized to address the identified GAD issues and concerns and to promote the welfare of the women in the locality.

The other audit findings together with the recommended courses of action which were discussed by the Audit Team with concerned Management Officials and staff during the exit conference conducted on April 27, 2015 are discussed in Part II of the Report.

We request that the recommended measures contained in Part II and those which remained unimplemented or partially implemented in Part III of the attached report be immediately implemented and we will appreciate being informed of the action/s taken thereon by submitting the duly Agency Action Plan and Status of Implementation of Form, copy attached, within 60 days from receipt hereof.

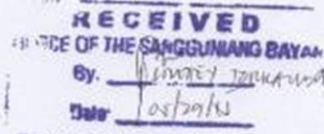
We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

  
**MARISSA ORCULLO-BAYOT**  
Supervising Auditor

Copy furnished:

- The Regional Director  
Department of Interior and Local Government, Region IV-B
- The Regional Director  
Department of Budget and Management, Region IV-B
- The Regional Director  
Bureau of Local Government Finance, Region IV-B
- The Secretary, Sangguniang Bayan  
Naujan, Oriental Mindoro
- The Director  
National Library of the Philippines
- The Dean  
UP Law Center



**AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2014**  
**As of \_\_\_\_\_, 2015**

Agency sign-off:

Date \_\_\_\_\_

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed



Republic of the Philippines  
COMMISSION ON AUDIT  
Commonwealth Avenue, Quezon City

# **ANNUAL AUDIT REPORT**

on the

**Municipality of Naujan  
Province of Oriental Mindoro**

**For the Year Ended December 31, 2014**

## EXECUTIVE SUMMARY

### Introduction

Naujan was established in 1639 under a Royal Decree issued by King Philip II of Spain. In 1898, the town was transferred to Lumangbayan along the sea coast. Naujan was recognized as a municipality on January 4, 1905. The town's name was derived from the word na-uhao ("got thirsty").

Naujan is a 1st class partly urbanized municipality with an area of 503.10 km<sup>2</sup>. It is the largest municipality in Oriental Mindoro in terms of land area, accounting for 12 percent of the province's total land area.

### Financial Highlights

The current and continuing appropriations of the Municipal Government of Naujan, Oriental Mindoro totaled to ₱189,376,310.76, and ₱59,090,357.65, respectively. The appropriations and obligations for CY 2014 are summarized as follows:

	Appropriations	Obligations
Current Appropriations		
General Fund (GF)	₱ 185,970,807.76	₱ 134,418,856.56
Special Education Fund (SEF)	3,405,503.00	2,347,959.43
Sub-total	189,376,310.76	136,766,815.99
Continuing Appropriations		
GF	58,662,831.19	31,313,143.05
SEF	427,526.46	100,021.00
Sub-total	59,090,357.65	31,413,164.05
<b>GRAND TOTAL</b>	<b>₱ 248,466,668.41</b>	<b>₱ 168,179,980.04</b>

The total assets, liabilities, equity, income and expenses for CY 2014 compared with that of the preceding year are as follows:

	CY 2014	CY 2013	Increase (Decrease)
Assets	₱ 360,736,535.98	₱ 313,462,401.14	₱ 47,274,134.84
Liabilities	62,729,043.21	54,256,881.68	8,472,161.53
Equity	298,007,492.77	259,205,519.46	38,801,973.31
Income	192,665,214.09	167,973,559.55	24,691,654.54
Expenses	141,665,981.96	141,635,199.72	30,782.24

### Scope of Audit

Comprehensive audit was conducted on the accounts and operations of the Municipal Government of Naujan for Calendar Year (CY) 2014 with emphasis on the risks identified on the CY 2014 audit thrusts provided under Unnumbered Memorandum dated

March 26, 2014 of the Assistant Commissioner, Local Government Sector. The audit included review of operating procedures, analysis of financial statements, inspection of projects, interview of concerned officials and employees and review of transactions on a test basis to ascertain compliance with rules and regulations and such other procedures considered necessary. It was also ascertained whether the programs as envisioned were attained in an effective, economic and efficient manner.

### **Opinion on the Financial Statements**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to inaccurate balance of Property, Plant and Equipment accounts of ₱189,709,548.57 brought by the continuous failure of the General Services Department (GSD) to conduct a complete physical inventory of the PPE, prepare the inventory report and reconcile the results thereof with accounting record, and the non-provision of depreciation to properties totaling ₱42,634,626.68.

### **Summary of Significant Observations and Recommendations**

With the exception cited above, we recommended that the:

- ★ Municipal Mayor require the Inventory Team to prepare plan for the conduct of physical count, set time frame to complete the conduct of the inventory taking and the preparation of the report. Thereafter compare the inventory with the accounting records and submit copy of the Report on the Physical Count of Property, Plant and Equipment to the COA Auditor.
- ★ Municipal Accountant and the GSO create a team that will conduct in-depth investigation to resolve the unreconciled beginning balances in the PPE account; and thereafter provide depreciation for the said properties. For fully depreciated assets record the salvage value as Other Assets and recommend the same for proper disposal.

In addition, the following is the summary of other significant audit observations and the corresponding recommendations.

1. Unutilized balance of appropriation totaling ₱27,055,286.23 and unimplemented proposed projects under the 20% development fund due to unfeasible project proposal and insufficient fund allocation

We recommended that the:

- ★ Municipal Planning and Development Coordinator and the Municipal Engineer properly plan the implementation of the developmental projects, and ensure that all problems identified in the preliminary engineering of the projects are resolved before their inclusion to the priority development projects of the Municipality; and

- ★ Municipal Development Council and Budget Officer appropriate enough fund for the complete implementation of the identified projects and refrain from appropriating funds on a staggered basis.

2. Trust receipts of ₱600,000.00 in the Trust Fund book, without specific list of projects, placed in time deposit with Development Bank of the Philippines (DBP) is contrary to Section 21 of COA Circular 92-382 which provides that only idle funds in the General Fund may be deposited under time deposit.

We recommended that the Municipal Treasurer return the time deposit of ₱600,000.00 to the current account of the Trust Fund book. Furthermore, we suggested that the Municipal Accountant analyze the composition of the ₱600,000.00 time deposit out of Trust Fund, then advise the Municipal Mayor on the status and composition of the funds and if the projects where the funds are entrusted can no longer be implemented due to non-availability of documents, return the funds to the source agency or to the Bureau of National Treasury.

3. Implementation of various projects was made by administration despite unavailability of necessary equipment by the Municipality or has access to such equipment owned by other government agencies.

We recommended that the Municipal Engineer and the Planning Officer consider the available equipment of the Municipality and/or have contract with other government agencies with available equipment necessary in the projects before resorting to the implementation of the projects “by administration” and to refrain from renting to private contractors, if possible.

4. The balance of Other Maintenance and Operating Expenses account of ₱10,423,161.61 is overstated by ₱5,914,974.61 due to erroneous classification in the annual budget of various programs of the Municipality into lump sum appropriations.

We recommended that the Municipal Budget Officer consider the programmed appropriation by object of expenditure for identified programs/activities of different departments in the preparation of the annual budget, and the Municipal Accountant classify the actual expenses to appropriate accounts to reflect the accurate balances of affected expense accounts.

5. Conditional approval of the Municipal’s ten-year Solid Waste Management (SWM) Plan by the National Solid Waste Management Commission due to incomplete documentary and other requirements prescribed by Section 17 of Republic Act (RA) No. 9003

We recommended that the Municipal’s SWM Board revisit the SWM Plan and revise it by incorporating therein all the requirements prescribed in Section 17 of RA No. 9003, and thereafter, submit the same to the NSWMC for approval.



We also recommended that the Municipal's SWM Board monitor and review the targets and strategies to ensure efficient management of the Municipality's SWM program.

6. Non-conduct of training on the collection, handling and transporting of wastes by the Municipal Health Officer to the Solid Waste Management staff and inadequate observance to the minimum requirement for the collection, transportation and handling of solid wastes

We recommended that the Municipal's SWM Board in coordination with the Municipal Health Officer and other concerned agencies provide necessary training for the SWM staff to ensure that the solid wastes are handled properly and to minimize the risk of hazards to the SWM personnel and the public as well.

We also recommended that the Municipal's SWM Board observe the standards and requirements for the collection, transportation and handling of solid wastes required by the provisions of the IRR of RA No. 9003.

7. Non-compliance with the basic requirement of RA No. 9003 in the operation of Municipal's Sanitary Landfill Category I in Barangay Buhangin and insufficient funds to finance the activities of SWM

We recommended and Management agreed that the Municipal's SWM Board monitor and evaluate the implementation of the SWM program and see to it that the requirements for the operations of the sanitary landfill is observed to ensure its continuous operation. Moreover, the Municipal officials review the budget set for SWM for the effective and efficient performance of its activities and programs.

8. Collection and segregation of solid wastes at the Barangay level was not properly monitored by the Municipal's SWM Board. Moreover, only 22 barangays established the Materials Recovery Facility.

We recommended that the Municipality encourage the barangay to establish materials recovery facility that will receive the mixed wastes for final sorting, segregation, composting or recycling before transferring the residual wastes to sanitary landfill. Moreover, we suggested that the Municipal's SWM Board strictly implement and monitor the collection and segregation of wastes at the barangay level as required by the provisions of RA No. 9003 and its IRR.

9. Only the GAD plan of projects and activities for ₱7.3 million, which is 3.96% of the total appropriation of ₱184,663,914.00, were prepared and approved due to non-establishment of GAD data base and inadequate awareness on GAD among municipal officials and employees. Moreover, only 36% of the GAD budget was utilized and the proposed projects were not fully accomplished.

We recommended that the GAD Council and GAD Focal Point establish and maintain GAD database through gathering sex-disaggregated data and GAD-related information to come up with a more gender-responsive plan and programs. We also recommended that the GAD Focal Point include in their plan the conduct of training for full awareness on GAD so that the available database can guide them in determining the gender issues and activities to be planned and identified from the services rendered by each department. Likewise, the cooperation by concerned department heads is needed to ensure that the GPB is optimally utilized to address the identified GAD issues and concerns and to promote the welfare of the women in the locality.

10. Only 51 out of the 70 barangays established Violence Against Women (VAW) Desk and the barangay officials were not properly trained/oriented on anti-VAW laws due to inadequate information and fund.

We recommended that the GAD Focal Person initiate the conduct of training on anti-VAWs laws and the establishment of VAW desk in all the 70 barangays. Moreover, the Municipality should provide technical and financial assistance to make each VAW desk operational and ensure that concerns of women specially the victims of sexual harassment, violence against women and other similar cases are properly addressed.

11. Payments of wages to 191 Job Order (JO) personnel totaling ₱10,411,629.17 with incomplete supporting documents.

We recommended that the:

- ★ Human Resource Management Officer submits to COA Auditor the accomplishment reports of all JO personnel for the Calendar Year 2014 for further verification and validation.
- ★ Municipal Accountant strictly adheres with COA Circular No. 2012-001 which prescribes the documentary requirements needed for granting and liquidation of wages for Job Order personnel.

The audit observations and recommendations contained in the report were discussed with the concerned officials and employees during the exit conference conducted on April 27, 2015. Management's views and reactions were considered in the report, where appropriate.

### **Summary of Total Suspensions, Disallowances and Charges**

As of December 31, 2014, the disallowance of the Municipality amounted to ₱747,416.50 which has a pending Appeal filed before the Commission on Audit, Regional Office No. IV.

### **Status of Implementation of Prior Year's Audit Recommendations**

Monitoring of the implementation of ten prior years' audit recommendations revealed that one was implemented, seven were partially implemented and two were not acted upon.

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## **INDEPENDENT AUDITOR'S REPORT**

**Honorable Mark N. Marcos**  
Municipal Mayor  
Naujan, Oriental Mindoro

We have audited the accompanying financial statements of the Municipal Government of Naujan, Oriental Mindoro which comprise the Balance Sheet as at December 31, 2014 and the Statement of Income and Expenses and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines and for such internal control as management may determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted state auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

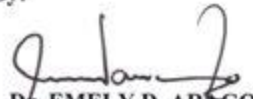
The validity and reliability of the balance of Property, Plant and Equipment (PPE) account totalling P189,709,548.57 excluding the Construction in-progress could not be ascertained because of the continuous failure of the General Services Department (GSD) to conduct a complete physical inventory of the PPE, prepare the inventory report and reconcile the results thereof with accounting records, and the non-provision of depreciation in some properties totalling P42,634,626.68. Due to the absence of complete property records, we were unable to satisfy ourselves as to the carrying value of the property by alternative audit procedures.

**Qualified Opinion**

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of the Municipal Government of Naujan, Oriental Mindoro as at December 31, 2014, and of their financial performance and cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

**COMMISSION ON AUDIT**

By:

  
**DR. EMELY D. ARAGO**  
Audit Team Leader

April 30, 2015

**MUNICIPALITY OF NAUJAN**

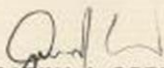
OFFICE OF THE MUNICIPAL MAYOR  
Naujan 5204, Oriental Mindoro, Philippines

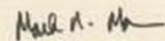


**Statement of Management Responsibility for Financial  
Statements**

The Management of the Municipal Government of Naujan, Oriental Mindoro is responsible for all information and representation contained in the Balance Sheet as of December 31, 2014 and the related Statement of Income and Expenses and Statement of Cash Flows for the period then ended. The Financial Statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on best estimates and informed judgement of management with an appropriate consideration of materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal control to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities recognized.

  
CARINA A. CORRO  
Municipal Accountant

  
Atty. MARK N. MARCOS  
Municipal Mayor

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED BALANCE SHEET**  
**As of December 31, 2014**  
**(With Comparative Figures for CY 2013)**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
<b>CASH (Note 5)</b>		
<b>Cash on Hand</b>		
Cash in Vault	₱ 300.00	₱ 36,184.16
Cash - Disbursing Officer	0.00	173,310.00
<b>Cash in Banks-Local Currency</b>		
Cash in Bank -Local Currency, Current Account	51,100,888.07	33,687,772.53
Cash in Bank -Local Currency, Time Deposits	101,600,946.39	86,600,946.39
<b>Total Cash</b>	<b>152,702,134.46</b>	<b>120,498,213.08</b>
<b>RECEIVABLES (Note 6)</b>		
<b>Receivable Accounts</b>		
Accounts Receivable	182,571.15	185,004.61
Real Property Tax Receivable	0.00	472,443.09
<b>Inter-agency Receivables</b>		
Due from NGAs	961,925.90	961,925.90
Due from LGUs	638,429.08	674,824.50
Due from NGOs/Pos	35,500.00	35,500.00
<b>Intra-agency Receivables</b>		
Due from Other Funds	1,129,156.35	6,436,937.85
<b>Other Receivables</b>		
Receivables - Disallowances/Charges	104,816.36	104,816.36
Advances to Officers and Employees	105,087.73	105,087.73
<b>Total Receivables</b>	<b>3,157,486.57</b>	<b>8,976,540.04</b>
<b>INVENTORIES (Note 7)</b>		
<b>Supplies</b>		
Office Supplies Inventory	237,378.81	237,378.81
Accountable Forms Inventory	31,339.81	44,122.51
Drugs and Medicines Inventory	337,667.60	29,096.60
Medical, Dental and Laboratory Supplies Inventory	9,996.00	0.00
<b>Total Inventories</b>	<b>616,382.22</b>	<b>310,597.92</b>
<b>OTHER CURRENT ASSETS</b>		
Guaranty Deposits	902,156.95	902,156.95
Other Current Assets	40,000.00	40,000.00
<b>Total Other Current Assets</b>	<b>942,156.95</b>	<b>942,156.95</b>
<b>TOTAL CURRENT ASSETS</b>	<b>157,418,160.20</b>	<b>130,727,507.99</b>
<b>PROPERTY, PLANT AND EQUIPMENT, Net of depreciation (Note 8)</b>		
<b>LAND AND LAND IMPROVEMENTS</b>		
Land	9,731,765.46	9,720,365.46
Land Improvements	20,100,698.31	22,121,937.39
Electrification, Power and Energy Structures	11,651,460.80	11,853,650.72
<b>Total Land and Land Improvements</b>	<b>41,483,924.57</b>	<b>43,695,953.57</b>
<b>BUILDINGS</b>		
Office Buildings	32,296,604.77	31,080,385.19
School Buildings	15,135,502.55	15,480,990.91
Hospitals and Health Centers	4,242,082.23	4,368,644.67
Markets and Slaughterhouses	7,628,327.19	7,655,806.83
Other Structures	21,975,496.35	19,242,972.37
<b>Total Buildings</b>	<b>81,278,013.09</b>	<b>77,828,799.97</b>

	2014	2013
<b>OFFICE EQUIPMENT, FURNITURE AND FIXTURES</b>		
Office Equipment	3,117,765.59	3,188,641.78
Furniture and Fixtures	7,710,515.85	7,674,193.34
IT Equipment and Software	4,025,103.44	4,238,396.14
Library Books	11,959.52	7,707.47
<b>Total Office Equipment, Furniture and Fixtures</b>	<b>14,865,344.40</b>	<b>15,108,938.73</b>
<b>MACHINERIES AND EQUIPMENT</b>		
Agricultural, Fishery and Forestry Equipment	539,871.44	604,500.92
Communication Equipment	1,415,210.80	1,528,344.05
Construction and Heavy Equipment	30,196,165.92	14,423,177.62
Disaster Response and Rescue Equipment	2,956,084.57	3,283,263.28
Medical, Dental and Laboratory Equipment	393,189.76	499,510.66
Military and Police Equipment	7,746.84	9,293.52
Sports Equipment	27,937.54	24,911.25
Technical and Scientific Equipment	1,097,319.73	1,421,881.87
Other Machineries and Equipment	1,409,768.86	1,401,226.65
<b>Total Machineries and Equipment</b>	<b>38,043,295.46</b>	<b>23,196,109.82</b>
<b>TRANSPORTATION EQUIPMENT</b>		
Motor Vehicles	10,075,683.16	9,381,873.82
Watercrafts	1,843,201.09	2,060,713.21
Other Transportation Equipment	2,183.00	3,515.00
<b>Total Transportation Equipment</b>	<b>11,921,067.25</b>	<b>11,446,102.03</b>
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>		
Other Property, Plant and Equipment	2,093,681.80	2,186,252.38
<b>Total Other Property, Plant and Equipment</b>	<b>2,093,681.80</b>	<b>2,186,252.38</b>
<b>REFORESTATION PROJECTS</b>		
Reforestation - Upland	24,222.00	24,222.00
<b>Total Reforestation Projects</b>	<b>24,222.00</b>	<b>24,222.00</b>
<b>CONSTRUCTION IN PROGRESS</b>		
Public Infrastructures/Reforestation Projects		
Construction in Progress -Roads, Highways and Bridges	5,175,400.00	1,755,936.00
Construction in Progress -Plazas, Parks and Monuments	193,755.00	193,755.00
Construction in Progress -Artesian, Wells, Reservoirs, Pumping Stations and Conduits	3,287,083.55	3,820,202.30
Construction in Progress - Irrigation, Canals and Laterals	1,275,755.32	1,435,890.32
Construction in Progress - Flood Controls	918,057.50	844,936.50
Construction in Progress - Waterways, Aqueducts, Seawalls, River Walls and Others	2,625,906.28	1,064,924.97
<b>Total Construction in Progress</b>	<b>13,475,957.65</b>	<b>9,115,645.09</b>
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>203,185,506.22</b>	<b>182,602,023.59</b>
<b>OTHER ASSETS (Note 9)</b>		
Other Assets	132,869.56	132,869.56
<b>Total Other Assets</b>	<b>132,869.56</b>	<b>132,869.56</b>
<b>TOTAL ASSETS</b>	<b>₱ 360,736,535.98</b>	<b>₱ 313,462,401.14</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES (Note 10)</b>		
<b>Payable Accounts</b>		
Accounts Payable	₱ 12,424,749.14	₱ 10,786,740.30
Due to Officers and Employees	2,009,492.54	1,671,854.49
<b>Inter-Agency Payables</b>		
Due to National Treasury	0.00	9,172.50
Due to BIR	1,380,105.13	953,878.54

	<b>2014</b>	<b>2013</b>
Due to GSIS	1,290,271.31	1,278,416.90
Due to PAG-IBIG	263,420.11	246,821.74
Due to PHILHEALTH	17,257.03	93,032.03
Due to Other NGAs	25,035,564.10	18,436,648.88
Due to Other GOCCs	2,175.15	400,011.30
Due to LGUs	3,856,881.55	3,694,940.04
<b>Intra-Agency Payables</b>		
Due to Other Funds	794,116.38	14,260,064.22
<b>Other Liability Accounts</b>		
Guaranty Deposits Payable	1,384,302.29	1,227,344.04
Performance/Bidders/Bail Bonds Payable	463,462.90	377,086.94
Other Payables	170,551.05	111,047.86
Trust Liability	13,399,315.72	0.00
<b>Total Current Liabilities</b>	<b>62,491,664.40</b>	<b>53,547,059.78</b>
<b>TOTAL LIABILITIES</b>	<b>62,491,664.40</b>	<b>53,547,059.78</b>
<b>DEFERRED CREDITS (Note 11)</b>		
Deferred Real Property Tax Income	0.00	472,443.09
Other Deferred Credits	237,378.81	237,378.81
<b>Total Deferred Credits</b>	<b>237,378.81</b>	<b>709,821.90</b>
<b>EQUITY (Note 12)</b>		
Government Equity - January 1	259,205,519.46	270,265,871.64
Add: Retained Operating Surplus:		
Current Operations	50,999,232.13	13,685,291.04
Prior Year's Adjustments	(33,000.00)	215,521.81
Other Adjustments	0.00	736,228.19
Less: Transfer to Registry		
Public Infrastructures	(12,164,258.82)	(25,697,393.22)
<b>Government Equity, December 31</b>	<b>298,007,492.77</b>	<b>259,205,519.46</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 360,736,535.98</b>	<b>₱ 313,462,401.14</b>

*(See accompanying Notes to Financial Statements)*



**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES**  
**For the Year Ended December 31, 2014**  
**(With Comparative Figures for CY 2013)**

	<b>2014</b>	<b>2013</b>
<b>INCOME ( Note 13)</b>		
<b>TAX REVENUE</b>		
Local Taxes		
Business Tax	₱ 3,470,834.07	₱ 2,520,233.58
Community Tax	1,398,828.01	1,260,260.59
Franchise Tax	27,050.00	28,950.00
Real Property Tax	3,789,885.48	2,859,800.29
Less: Discount on Real Property Tax	(211,358.67)	(194,270.84)
Special Education Tax	4,737,762.41	4,091,446.22
Less: Discount on Special Education Tax	(264,198.67)	(303,255.72)
Tax on Sand, Gravel and Other Quarry Products	1,151,416.08	1,013,338.88
Fines and Penalties- Local Taxes	165,535.61	151,327.22
<b>Total Local Taxes</b>	<b>14,265,754.32</b>	<b>11,427,830.22</b>
<b>GENERAL INCOME ACCOUNTS</b>		
Internal Revenue Allotment	<b>167,893,410.00</b>	<b>148,134,259.00</b>
Permits and Licenses		
Fees on Weights and Measures	73,693.00	66,575.00
Permit Fees	1,389,066.01	1,248,102.41
Registration Fees	755,893.50	668,082.00
<b>Total Permits and Licenses</b>	<b>2,218,652.51</b>	<b>1,982,759.41</b>
Service Income		
Clearance and Certification Fees	797,828.00	759,245.00
Garbage Fees	124,985.00	84,355.00
Inspection Fees	402,675.00	526,389.50
Other Services Income	472,916.87	175,554.37
<b>Total Service Income</b>	<b>1,798,404.87</b>	<b>1,545,543.87</b>
Business Income		
Income from Cemetery Operations	162,100.00	125,400.00
Income from Dormitory Operations	1,175,661.00	474,750.00
Income from Markets	1,145,467.00	1,089,449.25
Income from Slaughterhouse	651,273.00	603,409.50
Income from Transportation System	64,980.00	64,980.00
Landing and Parking Fees	227,752.00	256,548.00
Rent Income	63,000.00	27,250.00
Tuition Fees	2,060.00	38,290.00
Other Business Income	176,046.00	187,140.50
<b>Total Business Income</b>	<b>3,668,339.00</b>	<b>2,867,217.25</b>
Other Income		
Income from Grants and Donations	1,240,500.00	144,900.00
Interest Income	671,418.36	1,018,081.63
Share from PAGCOR/PCSO	170,354.03	121,624.54
Miscellaneous Income	402,836.00	351,222.05
<b>Total Other Income</b>	<b>2,485,108.39</b>	<b>1,635,828.22</b>
<b>TOTAL OPERATING INCOME</b>	<b>192,329,669.09</b>	<b>167,593,437.97</b>
<b>EXPENSES (Note 14)</b>		
<b>PERSONAL SERVICES</b>		
Salaries and Wages		
Salaries and Wages - Regular	40,761,442.90	40,885,132.90
Salaries and Wages - Casual	485,115.00	1,016,895.00

	2014	2013
Other Compensation		
Personnel Economic Relief Allowance (PERA)	4,382,869.36	4,388,537.61
Representation Allowance (RA)	2,074,921.00	2,019,107.50
Transportation Allowance (TA)	1,849,062.50	1,856,802.24
Clothing/Uniform Allowance	905,000.00	920,000.00
Subsistence, Laundry and Quarter Allowance	322,125.00	230,520.00
Productivity Incentive Allowance	314,000.00	310,000.00
Honoraria	79,000.00	0.00
Hazard Pay	1,424,716.45	1,362,167.99
Overtime and Night Pay	329,416.72	396,895.64
Cash Gift	937,875.00	1,017,500.00
Year End Bonus	3,413,262.35	3,623,858.20
Personnel Benefits Contributions		
Life and Retirement Insurance Contributions	4,891,124.17	4,894,624.35
PAG-IBIG Contributions	902,881.69	906,280.44
PHILHEALTH Contributions	457,750.00	458,965.38
ECC Contributions	213,254.11	213,806.42
Other Personnel Benefits		
Terminal Leave Benefits	1,888,247.69	2,626,449.04
Other Personnel Benefits	2,093,000.00	4,010,632.25
Total Personal Services	<b>67,725,063.94</b>	<b>71,138,174.96</b>
MAINTENANCE AND OTHER OPERATING EXPENSES		
Travelling Expenses		
Travelling Expenses - Local	1,797,857.90	1,607,840.22
Training and Scholarship Expenses		
Training Expenses	725,489.70	472,100.00
Supplies and Material Expenses		
Office Supplies Expense	2,871,304.84	3,080,454.03
Accountable Forms Expenses	217,776.14	121,306.99
Animal/Zoological Supplies Expenses	60,925.00	120,967.00
Drugs and Medicines Expenses	632,334.00	902,740.76
Medical, Dental and Laboratory Supplies Expenses	340,004.00	345,334.00
Gasoline, Oil and Lubrication Expenses	8,137,150.49	8,146,094.95
Agricultural Supplies Expenses	426,253.00	166,499.00
Textbooks and Instructional Materials Expenses	801,976.00	806,588.00
Other Supplies Expenses	2,082,878.77	2,222,469.74
Utility Expenses		
Water Expenses	346,665.80	361,575.95
Electricity Expenses	3,749,312.23	3,450,547.92
Cooking Gas Expenses	9,360.00	9,320.00
Communication Expenses		
Postage and Deliveries	740.00	975.00
Telephone Expenses - Landline	174,520.76	198,175.26
Telephone Expenses - Mobile	663,955.82	721,947.80
Internet Expenses	126,201.50	107,301.13
Cable, Satellite, Telegraph and Radio Expenses	18,768.59	16,632.00
Membership Dues and Contributions to Organizations	22,800.00	129,600.00
Advertising Expense	100,000.00	233,960.00
Printing and Binding Expenses	152,100.00	265,248.00
Transportation and Delivery Expenses	0.00	33,000.00
Professional Services		
Auditing Services	89,808.20	32,950.80
Environment/Sanitary Services	653,198.76	830,549.58
General Services	1,692,555.49	1,521,892.99

	2014	2013
Janitorial Services	809,526.18	827,683.88
Security Services	375,125.00	769,525.88
Other Professional Services	2,707,862.58	2,369,013.14
Repairs and Maintenance		
Land and Improvements		
Repairs and Maintenance - Electrification, Power and Energy Structures	136,956.00	163,873.50
Buildings		
Repairs and Maintenance - Office Buildings	79,586.50	282,808.00
Repairs and Maintenance - School Buildings	486,234.99	640,901.00
Repairs and Maintenance - Hospitals and Health Centers	34,513.50	61,913.00
Repairs and Maintenance - Markets and Slaughterhouses	737,816.25	52,267.56
Repairs and Maintenance - Other Structures	339,836.00	360,809.00
Office Equipment, Furniture and Fixtures		
Repairs and Maintenance - Office Equipment	8,090.00	69,934.82
Repairs and Maintenance - Furniture and Fixtures	165,695.00	64,055.00
Repairs and Maintenance - IT Equipment and Software	16,800.00	121,020.00
Machineries and Equipment		
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	5,662.00	4,883.00
Repairs and Maintenance - Communication Equipment	28,744.00	10,810.00
Repairs and Maintenance - Construction and Heavy Equipment	3,273,483.10	2,181,274.70
Repairs and Maintenance - Firefighting Equipment and Accessories	41,250.00	27,988.50
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	0.00	1,320.57
Repairs and Maintenance - Technical and Scientific Equipment	0.00	22,050.00
Repairs and Maintenance - Other Machineries and Equipment	10,450.00	31,191.85
Transportation Equipment		
Repairs and Maintenance - Motor Vehicles	738,828.47	887,245.26
Repairs and Maintenance - Watercrafts	22,965.00	49,644.35
Other Property, Plant and Equipment		
Repairs and Maintenance - Other Property, Plant and Equip't	0.00	14,900.00
Public Infrastructures		
Repairs and Maintenance - Roads, Highways and Bridges	2,330,498.81	2,450,864.45
Repairs and Maintenance - Plazas, Parks and Monuments	116,705.00	124,888.00
Repairs and Maintenance - Irrigation Canals and Laterals	46,720.00	130,072.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses		
Confidential Expenses	40,337.25	57,415.00
Extraordinary Expenses	13,445.75	0.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	33,435.90	16,804.10
Fidelity Bond Premiums	28,585.75	27,684.75
Insurance Expenses	482,269.00	582,097.91
Non-Cash Expenses		
Depreciation		
Land Improvements		
Depreciation - Land Improvements	2,369,476.08	2,371,582.71
Depreciation - Electrification, Power and Energy Structures	1,292,014.42	1,261,679.03
Buildings		
Depreciation - Office Buildings	551,238.04	765,956.63
Depreciation - School Buildings	525,269.36	468,466.17
Depreciation - Hospitals and Health Centers	126,562.44	89,099.84
Depreciation - Markets and Slaughterhouses	27,479.64	92,555.40
Depreciation -Other Structures	1,412,378.96	1,233,460.60

	2014	2013
Office Equipment, Furniture and Fixtures		
Depreciation -Office Equipment	248,681.19	235,026.01
Depreciation -Furniture and Fixtures	594,653.99	523,404.69
Depreciation - IT Equipment	1,080,370.70	1,102,627.24
Depreciation -Library Books	2,112.95	2,008.20
Machineries and Equipment		
Depreciation - Agricultural, Fishery and Forestry Equipment	64,629.48	64,629.48
Depreciation -Communication Equipment	122,813.25	120,024.93
Depreciation -Construction and Heavy Equipment	2,562,011.70	2,007,932.45
Depreciation -Firefighting Equipment and Accessories		347,294.52
Depreciation -Disaster Response and Rescue Equipment	327,178.71	0.00
Depreciation - Medical, Dental and Laboratory Equipment	106,320.90	99,530.45
Depreciation - Military and Police Equipment	1,546.68	1,546.68
Depreciation - Sports Equipment	3,468.71	2,445.00
Depreciation - Technical and Scientific Equipment	324,562.14	350,161.20
Depreciation -Other Machineries and Equipment	174,587.79	218,102.19
Transportation and Equipment		
Depreciation - Motor Vehicles	626,700.51	655,636.78
Depreciation -Watercrafts	217,512.12	217,107.12
Depreciation -Other Transportation Equipment	1,332.00	1,332.00
Other Property, Plant and Equipment		
Depreciation- Other Property, Plant and Equipment	265,973.58	261,002.64
Other Maintenance and Operating Expenses		
Other Maintenance and Operating Expenses	11,305,483.22	9,202,990.16
Total Maintenance and Other Operating Expenses	<b>63,339,717.58</b>	<b>60,006,612.46</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>131,064,781.52</b>	<b>131,144,787.42</b>
<b>INCOME FROM OPERATIONS</b>	<b>61,264,887.57</b>	<b>36,448,650.55</b>
FINANCIAL EXPENSES		
Other Financial Charges	0.00	<b>35,912.72</b>
<b>Income before Subsidies, Donations and Extraordinary Items</b>	<b>61,264,887.57</b>	<b>36,412,737.83</b>
Add: Subsidy from Other National Government Agencies	335,545.00	380,121.58
Total	<b>335,545.00</b>	<b>380,121.58</b>
Less: Subsidy to Local Government Units	70,000.00	70,000.00
Subsidy to Other Funds	5,259,588.79	5,088,832.63
Donations	5,271,611.65	5,295,666.95
Total	<b>10,601,200.44</b>	<b>10,454,499.58</b>
<b>Income before Extraordinary Items</b>	<b>50,999,232.13</b>	<b>26,338,359.83</b>
Less: Loss on Sale of Disposed Assets	0.00	(12,653,068.79)
<b>NET INCOME</b>	<b>₱ 50,999,232.13</b>	<b>₱ 13,685,291.04</b>

*(See accompanying Notes to Financial Statements)*

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2014**  
**(With Comparative Figures for CY 2013)**

	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities</b>		
Cash Inflows		
Share from Internal Revenue Allotment	₱ 167,893,410.00	₱ 148,134,259.00
Collection from Taxpayers	35,142,565.22	30,820,594.19
Receipts from sale of goods and services	671,418.36	1,018,081.63
Other Receipts	42,832,860.18	38,128,508.81
Total Cash Inflows	<u><b>246,540,253.76</b></u>	<u><b>218,101,443.63</b></u>
Cash Outflows		
Payments to -		
Suppliers/Creditors	44,579,219.72	37,696,846.64
Employees	63,854,419.19	67,613,180.80
Other Payments	65,181,318.20	61,408,121.56
Total Cash Outflows	<u><b>173,614,957.11</b></u>	<u><b>166,718,149.00</b></u>
Cash Provided by (Used In)	<u><b>72,925,296.65</b></u>	<u><b>51,383,294.63</b></u>
<b>Cash Flows From Investing Activities</b>		
Cash Outflows		
Purchase of Property, Plant and Equipment and		
Public Infrastructures	(40,721,375.27)	(37,637,323.69)
Total Cash Outflows	<u><b>(40,721,375.27)</b></u>	<u><b>(37,637,323.69)</b></u>
Cash Provided by (Used In)	<u><b>(40,721,375.27)</b></u>	<u><b>(37,637,323.69)</b></u>
<b>Net Cash Provided By (Used In)</b>	<u><b>32,203,921.38</b></u>	<u><b>13,745,970.94</b></u>
Cash at the Beginning of the Period	120,498,213.08	106,752,242.14
<b>Cash at the End of the Period</b>	<u><b>₱ 152,702,134.46</b></u>	<u><b>₱ 120,498,213.08</b></u>



## **NOTES TO FINANCIAL STATEMENTS**

### **1. Agency Profile**

#### **1.1 Creation**

Naujan was established in 1639 under a Royal Decree issued by King Philip II of Spain. In 1898, the town was transferred to Lumangbayan along the sea coast. Naujan was recognized as a municipality on January 4, 1905. The town's name was said to have been derived from the word na-uhao ("got thirsty").

Naujan is a 1st class municipality. Regarding urbanization Naujan is classified as partly urban. Naujan occupies an area of 503.10 km<sup>2</sup>. It is the largest municipality in Oriental Mindoro in terms of land area, accounting for 12 percent of the province's total land area.

#### **1.2 Vision**

The Development Vision of Naujan states:

By 2020, Naujan shall be a progressive, self-sufficient and peaceful community of God-loving, healthy, educated and empowered citizenry, focused on agricultural and agro-industrial development and active commerce and tourism, moving towards the achievement of a sustainable and ecologically balanced development.

#### **1.3 Mission**

Following are the Mission Statements of Naujan:

1. To work supportively towards the improvement of the quality of life and the attainment of a healthy well-being of our citizenry thru the provision of quality basic, services, equitable distribution of wealth, people empowerment, balanced ecosystem, promotion of morals and values consistent with humane living;
2. To promote the social, health and education well-being of people, transforming them into an empowered and self-reliant citizenry;
3. To promote a program of sustainable development that would help ensure a balance environment for its people and a more permanent settlement for its indigenous tribe assuring a healthy and self-sufficient citizenry;
4. To put maximum economic and sustainable utilization of all the municipality's resources, and
5. To provide adequate and appropriate infrastructure facilities.

## **1.4 Fund Composition**

The Municipality maintains three funds, namely: General, Special Education, and Trust Funds.

Special accounts for Market, Slaughterhouse, Cemetery, and 20% Development Fund are maintained under the General Fund.

## **2. Basis of Financial Statement Presentation**

The financial statement was prepared based on the New Government Accounting System, and is in accordance with generally accepted state accounting principles and standards.

## **3. Summary of Significant Accounting Policies**

- 3.1 Cash are recorded upon receipt with the issuance of Official Receipt and Bank's Credit Advice, and deductions were effected upon issuance of check and cash payment to petty operating expenses.
- 3.2 The agency uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on cash basis except for the recording of real property taxes which follows the modified accrual method of accounting.
- 3.3 The Modified Obligation System is used to record allotment received and obligation incurred. Registries are maintained using the e-budget system.
- 3.4 Plant, property and equipment are carried at historical cost. Infrastructure under construction-in-progress are valued following the construction period theory.
- 3.5 Properties of the government, which are used by the general public, are accounted for under the Public Infrastructures/Reforestation Projects. These are dropped from Property, Plant & Equipment account and recorded in the Registry of Public Infrastructure/Reforestation Projects.
- 3.6 The Straight Line Method of depreciation is followed based on the revised estimated useful life in computing depreciation for government property, plant and equipment as per COA Circular No. 2003-007 dated December 11, 2003. For equipment, vehicles and other assets subject to depreciation, a residual value, computed at ten percent (10%) of the cost of asset is set and depreciation is computed on the month following the purchase date.
- 3.7 Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the agency.

- 3.8 All accounts in the financial statements are in conformity with the Chart of Accounts pursuant to COA Circular No. 2003-001 dated June 17, 2003 and in consonance with the suspension of COA Circular No. 2008-001 dated January 29, 2008.

#### 4. Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using the Prior Year's Adjustment account. Errors affecting the operation of the current year are charged to the current year's account.

#### 5. Cash and Other Cash Accounts

- 5.1 This account consists of the following:

	GF	SEF	TF	TOTAL
Cash in Vault	₱ 300.00	₱ 0.00	₱ 0.00	₱ 300.00
Cash in Bank –LCCA	9,311,281.85	2,017,809.84	39,771,796.38	51,100,888.07
Cash in Bank –LCTD	<u>100,000,946.39</u>	<u>1,000,000.00</u>	<u>600,000.00</u>	<u>101,600,946.39</u>
<b>TOTAL</b>	<b>₱ <u>109,312,528.24</u></b>	<b>₱ <u>3,017,809.84</u></b>	<b>₱ <u>40,371,796.38</u></b>	<b>₱ <u>152,702,134.46</u></b>

- 5.2 Cash in Vault of ₱300.00 represents collections made at the last working day of December 2014, comprising of advance payments of Real Property Taxes. This was deposited on January 5, 2015.
- 5.3 Cash in Bank-Local Currency, Current Account for each fund is used for the payment of obligations and procurements. Cash for payment of liabilities and funds for continuing appropriations are restricted for withdrawal until such time that legitimate transaction for such is approved.

#### 6. Receivables

- 6.1 Composition of the account is as follows:

	GF	SEF	TF	TOTAL
Accounts Receivable	₱ 182,571.15	₱ 0.00	₱ 0.00	₱ 182,571.15
Due from NGAs	926,262.61	0.00	35,663.29	961,925.90
Due from LGUs	559,000.08	0.00	79,429.00	638,429.08
Due from NGOs/POs	35,500.00	0.00	0.00	35,500.00
Due from Other Funds	335,040.00	794,116.35	0.00	1,129,156.35
Receivables -				
Disallowances/Charges	104,580.36	107.00	129.00	104,816.36
Advances to Officers and Employees	<u>105,087.73</u>	<u>0.00</u>	<u>0.00</u>	<u>105,087.73</u>
<b>TOTAL</b>	<b>₱ <u>2,248,041.93</u></b>	<b>₱ <u>794,223.35</u></b>	<b>₱ <u>115,221.29</u></b>	<b>₱ <u>3,157,486.57</u></b>

- 6.2 Accounts Receivable represents receivable from ORMECO for the cost of materials for the construction of a single phase extension line at Barangay Masaguing amounting to ₱182,571.15. The costs of materials were advanced by the Municipality of Naujan. The advance payment will be returned to the

Municipal Government by offsetting 10% of the distribution charge of the monthly power bill for ABC Hall and MP Leuterio High School until such time that the total amount is fully reimbursed.

- 6.3 Due from NGA's in the GF amounting to ₱926,262.61 represents balance from IRA for year 2001 while Due from NGAs of ₱35,663.29 in TF represents over remittance of National Collection while Due from LGUs represents collectibles from KKK Livelihood assistance recipients.
- 6.4 Due from LGU's includes receivables from SEF and barangay for the purchase of Sound system and dump trucks, respectively amounting to ₱477,301.44. Likewise, included in this account is receivable from Provincial Treasurer's Office amounting to ₱81,698.64 representing share of the municipality in the RPT collections.
- 6.5 The account Due from NGOs/POs represents loan granted to BADECO with a balance of ₱35,500.00.
- 6.6 Due From Other Funds amounting to ₱794,116.35 represents SEF share on the December 2014 RPT collections which was transferred in January 2015 while the amount of ₱335,040.00 is a receivable of the GF from SEF for the purchase of sound system.
- 6.7 The Receivables-Disallowances/Charges represents amount due from contractors/ suppliers resulting from audit disallowances, which have become final and executory.

## 7. Inventories

- 7.1 This account includes:

	<b>GF</b>	<b>SEF</b>	<b>TOTAL</b>
Office Supplies Inventory	₱ 0.00	₱ 237,378.81	₱ 237,378.81
Accountable Forms Inventory	31,339.81	0.00	31,339.81
Drugs and Medicines Inventory	337,667.60	0.00	337,667.60
Medical, Dental and Laboratory Supplies Inventory	9,996.00	0.00	9,996.00
<b>TOTAL</b>	<b>₱ <u>379,003.41</u></b>	<b>₱ <u>237,378.81</u></b>	<b>₱ <u>616,382.22</u></b>

- 7.2 Office Supplies Inventory amounting to ₱237,278.81 on SEF arise from the account Inventories-Semi-expendable Supplies, Containers and Property as a result of reclassification to conform to the new chart of accounts used in the current period.

## 8. Property, Plant and Equipment

8.1 This account is broken down as follows:

<u>Account</u>	<u>2013 Balance</u>	<u>Addition/ (Reduction)</u>	<u>2014 Balance</u>
Land	₱ 9,720,365.46	₱ 11,400.00	₱ 9,731,765.46
Land Improvements	38,026,482.90	348,237.00	38,374,719.90
Electrification, Power and Energy Structures	16,471,686.41	1,089,824.50	17,561,510.91
Office Buildings	35,280,029.80	1,767,457.62	37,047,487.42
School Buildings	17,775,175.41	179,781.00	17,954,956.41
Hospitals and Health Centers	4,684,761.75	0.00	4,684,761.75
Markets and Slaughterhouses	9,058,184.32	0.00	9,058,184.32
Other Structures	24,144,508.01	4,144,902.94	28,289,410.95
Office Equipment	4,889,103.91	177,805.00	5,066,908.91
Furniture and Fixtures	10,255,036.87	630,976.50	10,886,013.37
IT Equipment and Software	11,689,658.73	867,078.00	12,556,736.73
Library Books	15,029.00	6,365.00	21,394.00
Agricultural, Fishery and Forestry Equipment	1,129,788.50	0.00	1,129,788.50
Communication Equipment	2,348,355.99	9,680.00	2,358,035.99
Construction and Heavy Equipment	23,096,840.50	18,335,000.00	41,431,840.50
Firefighting Equipment and Accessories	3,785,680.00	0.00	3,785,680.00
Medical, Dental and Laboratory Equipment	683,165.00	0.00	683,165.00
Military and Police Equipment	44,185.00	0.00	44,185.00
Sports Equipment	46,500.00	6,495.00	52,995.00
Technical and Scientific Equipment	4,014,468.01	0.00	4,014,468.01
Other Machineries and Equipment	3,332,793.52	183,130.00	3,515,923.52
Motor Vehicles	12,457,175.36	1,320,509.85	13,777,685.21
Watercrafts	2,499,676.57	0.00	2,499,676.57
Other Transportation Equipment	7,400.00	0.00	7,400.00
Other Property, Plant and Equipment	3,150,706.68	173,403.00	3,324,109.68
Reforestation-Upland	24,222.00	0.00	24,222.00
Construction in Progress - Roads, Highways and Bridges	1,755,936.00	3,419,464.00	5,175,400.00
Construction in Progress - Parks, Plazas, and Monuments	193,755.00	0.00	193,755.00
Construction in Progress - Artesian Wells, Reservoirs, Pumping Stations and Conduits	3,820,202.30	(533,118.75)	3,287,083.55
Construction in Progress - Irrigation, Canals and Laterals	1,435,890.32	(160,135.00)	1,275,755.32
Construction in Progress - Flood Controls	844,936.50	73,121.00	918,057.50
Construction in Progress - Waterways, Aqueducts, Seawalls, River Walls and Others	1,064,924.97	1,560,981.31	2,625,906.28
<b>Gross Total</b>	<b><u>247,746,624.79</u></b>	<b><u>33,612,357.97</u></b>	<b><u>281,358,982.76</u></b>
Accumulated Depreciation	(65,144,601.20)	(13,028,875.34)	(78,173,476.54)
<b>Net Book Value</b>	<b><u>₱182,602,023.59</u></b>	<b><u>₱20,583,482.63</u></b>	<b><u>₱ 203,185,506.22</u></b>



8.2 Motor vehicles include a 2014 Model Nissan Urban Ambulance with life-saving medical equipment amounting to ₱1,219,000.00. It was donated by Emerging Power, Inc., a Philippine based private corporation, to be used exclusively and solely for emergency medical services, such as but not limited to transporting of wounded/ill patients, and for medical outreach programs.

8.3 The following equipments out of various subsidies, such as PGOM counterpart on General Revision of Assessment, Philhealth Capitation, and Department of Agriculture – ORMAES for organic trading post were transferred from Trust Fund and taken up in the General Fund book as assets:

Office Equipment	₱ 38,000.00
Furniture & Fixtures	123,045.00
IT Equipment & Software	159,570.00
Other Machineries & Equipment	<u>14,930.00</u>
<b>TOTAL</b>	<b>₱ <u>335,545.00</u></b>

## 9. Other Assets

9.1 This account which has a balance of ₱132,869.56 cannot be ascertained. No subsidiary ledger was maintained and this account was not used for a long period of time.

## 10. Current Liabilities

10.1 This account is composed of the following:

	<b>GF</b>	<b>SEF</b>	<b>TF</b>	<b>TOTAL</b>
Accounts Payable	₱ 12,083,089.59	₱ 312,527.68	₱ 29,131.87	₱12,424,749.14
Due to Officers and Employees	2,009,272.54	220.00	0.00	2,009,492.54
Due to BIR	1,309,116.59	19,096.58	51,891.96	1,380,105.13
Due to GSIS	1,290,271.31	0.00	0.00	1,290,271.31
Due to PAG-IBIG	263,420.11	0.00	0.00	263,420.11
Due to PHILHEALTH	17,257.03	0.00	0.00	17,257.03
Due to Other NGAs	238,704.06	0.00	24,796,860.04	25,035,564.10
Due to Other GOCCs	2,175.15	0.00	0.00	2,175.15
Due to LGUs	2,213,789.30	0.00	1,643,092.25	3,856,881.55
Due to Other Funds	794,116.38	0.00	0.00	794,116.38
Guaranty Deposits Payable	1,048,241.98	45,824.80	290,235.51	1,384,302.29
Performance/Bidders/ Bail Bonds Payable	0.00	0.00	463,462.90	463,462.90
Other Payables	144,414.32	0.00	26,136.73	170,551.05
Trust Liability	<u>0.00</u>	<u>0.00</u>	<u>13,399,315.72</u>	<u>13,399,315.72</u>
<b>TOTAL</b>	<b><u>₱21,413,868.36</u></b>	<b><u>₱ 377,669.06</u></b>	<b><u>₱40,700,126.98</u></b>	<b><u>₱62,491,664.40</u></b>

10.2 Accounts Payable and Due to Officers and Employees consist of amounts due to suppliers/creditors, and officers and employees, respectively, which payments were not effected in calendar year 2014.

- 10.3 Due to BIR represents amounts withheld from suppliers in December 2014 and remitted on January 6, 2015 while Due to National Treasury represents ante mortem, livestock and building permit.
- 10.4 Due to GSIS, Pag-IBIG and Philhealth are mandatory deductions which are all remitted in January 2015.
- 10.5 Due to others NGAS under the GF are amounts received from National Agencies allotted for various development projects. Due to Other NGAs in the TF are receipts from other national government agencies including PDAF, funds for BUB projects, DSWD and DA.
- 10.6 Due to GOCCs are composed of employees' loan repayments with DBP, LBP, Banco de Mindoro, and Or. Mindoro Rural Bank of Naujan while to LGUs represents share of Barangay, Provincial and Special Education Tax which are remitted in January 2015.
- 10.7 Due to Other Funds represents amount of RPT-SEF collected for the month of December, 2014 that is transferred in January, 2015.
- 10.8 Guaranty Deposit Payable represents retention from suppliers/contractors and Performance/Bidders/Bail Bond Payable and Performance/Bidders/Bail Bonds Payable are due to suppliers/creditors who posted bonds and shall be returned in a period of time.
- 10.9 Other Payables in the GF are employees' loan deductions which are remitted to Naujan Development Cooperative in January 2015 while Other payables in the TF are funds received out of bidding activities for BAC honoraria and other expenditures.
- 10.10 Trust Liability is the fund received from General Fund representing unexpended balance of Quick Response fund and the MOOE of the Mitigation fund of the previous years.

## **11. Deferred Credits**

- 11.1 Deferred Credits are contra-account of the Office Supplies Inventory which arose as a result of reclassification to conform with the new chart of accounts used in the current period.

## **12. Government Equity**

- 12.1 Details of the account are the following:

	<b>GF</b>	<b>SEF</b>	<b>TF</b>	<b>Total</b>
Government Equity – Beg Bal.	₱243,079,956.79	₱ 8,679,874.74	₱ 7,445,687.93	₱259,205,519.46

Add: Retained Operating Surplus				
Current Operations	48,970,819.34	2,028,412.79	0.00	50,999,232.13
Prior Year's Adjustments	(33,000.00)	0.00	0.00	(33,000.00)
Less: Transfer to Registry				
Public Infrastructures	(12,164,258.82)	0.00	0.00	(12,164,258.82)
<b>Government Equity – End Bal.</b>	<b><u>₱279,853,517.31</u></b>	<b><u>₱10,708,287.53</u></b>	<b><u>₱7,445,687.93</u></b>	<b><u>₱298,007,492.77</u></b>

12.2 Prior year's adjustment pertains to withdrawal of advance rentals on market stalls.

12.3 A total amount of ₱12,164,258.82 was transferred to Registry of Public Infrastructures broken down as follows:

	<b>2014</b>	<b>2013</b>
Roads, Highways & Bridges	₱ 7,653,991.33	₱18,439,311.24
Stations & Conduits	902,504.75	1,769,304.00
Irrigation, Canals and Laterals	1,499,424.49	3,993,664.37
Flood controls	496,850.25	1,485,149.61
Waterways, Aqueduct, Seawalls, River Walls & Others	<u>1,611,488.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b><u>₱12,164,258.82</u></b>	<b><u>₱25,687,429.22</u></b>

### 13. Income Accounts

13.1 Operating Income is composed of the following:

	<b>GF</b>	<b>SEF</b>	<b>TOTAL</b>
Local Taxes	₱ 9,792,190.58	₱ 4,473,563.74	₱ 14,265,754.32
Internal Revenue Allotment	167,893,410.00	0.00	167,893,410.00
Permits and Licenses	2,218,652.51	0.00	2,218,652.51
Service Income	1,798,404.87	0.00	1,798,404.87
Business Income	3,668,339.00	0.00	3,668,339.00
Other Income	<u>2,485,108.39</u>	<u>0.00</u>	<u>2,485,108.39</u>
<b>TOTAL</b>	<b><u>₱187,856,105.35</u></b>	<b><u>₱ 4,473,563.74</u></b>	<b><u>₱192,329,669.09</u></b>

13.2 Subsidy income of ₱335,545.00 represents cost of equipment procured out of Trust fund, which were transferred to General fund.

### 14. Expenditures Accounts

14.1 Composition of the account is as follows:

	<b>2014</b>	<b>Net Change</b>	<b>2013</b>
Personal Services	₱ 67,223,948.94	(₱2,885,871.02)	₱70,109,819.96
Maintenance & Other Operating Expenses	<u>72,208,240.74</u>	<u>3,818,617.11</u>	<u>68,389,623.63</u>
<b>TOTAL</b>	<b><u>₱139,432,189.68</u></b>	<b><u>₱ 932,746.09</u></b>	<b><u>₱138,499,443.59</u></b>

## 15. Local Disaster Risk Reduction and Management Fund (LDRRMF)

15.1 The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to RA No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available and utilized during the year totaled ₱21,979,484.62 and ₱2,964,207.45, respectively, broken down as follows:

	Available	Utilized	Balance
Current Year Appropriations			
Quick Response Fund	₱ 2,732,961.30	₱ 0.00	₱ 2,732,961.30
Mitigation Fund			
MOOE	4,058,672.50	1,532,045.01	2,526,627.49
Capital Outlay	2,318,237.20	0.00	2,318,237.20
Total	6,376,909.70	1,532,045.01	4,844,864.69
Continuing Appropriation	4,238,446.69	940,722.44	3,297,724.25
Special Trust Fund			
CY 2012	3,542,334.30	491,440.00	3,050,894.30
CY 2013	5,088,832.63	0.00	5,088,832.63
<b>TOTAL</b>	<b>₱ <u>21,979,484.62</u></b>	<b>₱ <u>2,964,207.45</u></b>	<b>₱ <u>19,015,277.17</u></b>

15.2 The Municipal Government of Naujan transferred the amount of ₱5,259,588.79 to Special Trust Fund representing unexpended balance of the Quick Response Fund and MOOE of the Mitigation Fund for the year 2014.

## 16. APPROPRIATIONS, ALLOTMENTS AND OBLIGATIONS

16.1 Summary of Appropriations, Allotments, Obligations and Balances are as follows, the details of which are presented in Annex D.

	Appropriations	Allotment	Obligations	Balances
<b>General Fund</b>				
Current				
Appropriation	₱185,970,807.76	₱185,970,807.76	₱134,418,856.56	₱51,551,951.20
Continuing				
Appropriations	<u>58,662,831.19</u>	<u>58,662,831.19</u>	<u>31,313,143.05</u>	<u>27,349,688.14</u>
Sub-total	<u>244,633,638.95</u>	<u>244,633,638.95</u>	<u>165,731,999.61</u>	<u>78,901,639.34</u>
<b>Special Education Fund</b>				
Current				
Appropriation	3,405,503.00	3,405,503.00	2,347,959.43	1,057,543.57
Continuing				
Appropriations	<u>427,526.46</u>	<u>427,526.46</u>	<u>100,021.00</u>	<u>327,505.46</u>
Sub-total	<u>3,833,029.46</u>	<u>3,833,029.46</u>	<u>2,447,980.43</u>	<u>1,385,049.03</u>
<b>GRAND TOTAL</b>	<b>₱ <u>248,466,668.41</u></b>	<b>₱ <u>248,466,668.41</u></b>	<b>₱ <u>168,179,980.04</u></b>	<b>₱ <u>80,286,688.37</u></b>

## OBSERVATIONS AND RECOMMENDATIONS

We acknowledge the favorable observation noted in the audit of accounts and operations of the Municipality of Naujan for CY 2014:

**Proper allocation of the Internal Revenue Allotment of ₱167,893,410.00 received for Calendar Year 2014 to developmental projects and operating expenses of the Municipality.**

For Calendar Year (CY) 2014, the Internal Revenue Allotment (IRA) totaling ₱167,893,410.00 received by the Municipality of Naujan was accurately recorded in the books of account and reported in the financial statements. The same total amount was confirmed from the Department of Budget and Management (DBM) website released to the Municipality. From the total amount of IRA released to the Municipality, the amount of ₱33,471,983.00 was appropriated to different developmental projects under the 20% Development Fund and the remaining 80% was appropriated for the current operating expenses of the LGU.

Likewise, we commend the prompt action of the concerned officials and employees in implementing the audit recommendation embodied in the Audit Observation Memorandum by remitting to the Bureau of Treasury the unutilized balance of the Priority Development Assistance Fund (PDAF) totaling ₱5,650,000.00 on April 24, 2015 under check number 44447032 dated April 21, 2015.

### *Property, Plant and Equipment Account*

- 1. The General Services Department continuously failed to conduct a complete physical inventory of the Property, Plant and Equipment (PPE) valued at ₱189,709,548.57, prepare the inventory report by year of acquisition starting on the current year downward and reconcile the results thereof with accounting records due to non-maintenance of property cards.**

Section 114 of the Manual on the New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I, requires that the General Services Officer (GSO) shall maintain Property Cards per category of PPE. Likewise, Section 124 of the same Manual requires that the physical inventory of PPE by type shall be made annually and reported on the Physical Count of Property, Plant and Equipment (RPCPPE). This shall be submitted to the Auditor concerned not later than January 31 of each year. Moreover, Section 13 of MNGAS for LGUs, Volume II, requires the Accounting Office to maintain the Property, Plant and Equipment Ledger Card for each class of PPE.

Section 491 of Government Accounting and Auditing Manual, Volume I provides, among others, that all discrepancies between physical and book inventories must be investigated and cleared immediately. If necessary, written explanations shall be required from persons responsible.

Section C.3, Chapter V of the Manual on Property Custodianship provides that after the physical inventory taking, the Inventory Committee shall reconcile the results of the account with the property and accounting records. The inventory listing of the equipment shall be checked with the property cards maintained by the Property Officer as against the equipment ledger cards maintained by the Accounting and the total thereof shall be compared with those in the General Ledger.

Verification of the reports and records regarding PPE revealed that the Municipality despite prior years' audit recommendation continuously failed to perform a complete physical inventory of all the PPE items. Moreover, no property card had been maintained by the GSO for each category of PPE.

Failure to conduct physical inventory deprived the Municipality of information regarding physical existence and condition of the property totaling ₱189,709,548.57 and the validation of recorded value of the property. On the other hand, the absence of property cards for each type of property and equipment resulted in the difficulty in the confirmation of the validity and reliability of the recorded transactions. Both the Accounting Office and General Services Office failed to maintain such records and do the reconciliation on a regular and timely basis.

**We recommended and Management agreed that the Inventory Team prepare plan for the conduct of physical count, set time frame to complete the conduct of the inventory taking and the preparation of the report. Thereafter compare the inventory with the accounting records and submit copy of the Report on the Physical Count of Property, Plant and Equipment to the COA Auditor.**

- 2. Non-provision of depreciation to properties totaling ₱42,634,626.68 due to unreconciled beginning balances and difficulty in tracing information relative to the said properties.**

Section 4 of the MNGAS for LGUs, Volume I states that “the straight-line method of depreciation shall be used. A residual value equivalent to 10% of the cost shall be set-up and depreciation shall start on the second month after purchase/completion of the property, plant and equipment. Public infrastructures shall not be charged any depreciation.”

Analysis of the PPE account revealed that various PPE items totaling ₱42,634,626.68 were not charged with depreciation. Verification of the subsidiary ledgers further revealed that the amount were composed of the acquisitions/constructions dated from 1986 to 2000, capitalized repairs and maintenance and unreconciled beginning balances from records before the implementation of the Electronic National Government Accounting System (e-NGAS). Details are presented on the next page:

<b>Account Title</b>	<b>Identified Properties</b>	<b>Unreconciled Beginning Balance</b>	<b>Repairs and Maintenance (2007)</b>	<b>TOTAL</b>
Land Improvements	₱ 7,692,981.61	0.00	₱ 111,169.50	₱ 7,804,151.11
Energy Structures	0.00	0.00	184,738.75	184,738.75
Office Buildings	991,199.64	₱ 8,621,013.05	9,526.50	9,621,739.19
School Buildings	614,179.18	5,925,948.26	132,261.00	6,672,388.44
Hospitals and Health Centers	1,734,226.12	0.00	0.00	1,734,226.12
Other Structures	2,299,228.12	0.00	56,328.50	2,355,556.62
Office Equipment	89,500.00	1,740,872.45	9,970.00	1,840,342.45
Furniture and Fixtures	1,049,742.90	4,269,926.39	0.00	5,319,669.29
IT Equipment and Software	6,390.00	0.00	0.00	6,390.00
Communication Equipment	0.00	760,659.99	0.00	760,659.99
Other Equipment	112,769.57	0.00	121,440.00	234,209.57
Motor Vehicles	647,900.00	4,393,487.50	0.00	5,041,387.50
Watercrafts	121,361.57	0.00	0.00	121,361.57
Other PPE	937,806.08	0.00	0.00	937,806.08
<b>TOTAL</b>	<b>₱ 16,297,284.79</b>	<b>₱ 25,711,907.64</b>	<b>₱ 625,434.25</b>	<b>₱ 42,634,626.68</b>

Inquiry with the Municipal Accountant unveiled that the unreconciled beginning balances reflected in the subsidiary ledgers of ₱25,711,907.64 were properties acquired before the application of e-NGAS which were found not existing on the year e-NGAS was implemented by the Municipal Government on 2007. Moreover, the difficulty in tracing information relative to the properties composing the above figures was the main reason given by the Municipal Accountant for her failure to compute depreciation.

Non-provision of depreciation resulted in the overstatement of the PPE and Government Equity accounts.

**We recommended that the Municipal Accountant and the GSO create a team that will conduct in-depth investigation to resolve the unreconciled beginning balances in the PPE account; and thereafter provide depreciation for the said properties. For fully depreciated assets record the salvage value as Other Assets and recommend the same for proper disposal.**

During the exit conference, the Municipal Accountant cited that they started the physical count in CY 2013 and aimed to complete the same in CY 2015 for the establishment of the completeness of the recorded PPE and consideration of those unrecorded ones which will be her basis in computing the required depreciation. She also assured the Audit Team of her compliance on reclassifying the fully depreciated assets to Other Assets account.

- 3. Five motor vehicles totaling ₱325,000.00 granted as loan to field officers still recorded as Motor Vehicles of the Municipality and not transferred to Loan Receivable account.**

Section 2.1 of the MNGAS for LGUs, Volume I set the definition of Property, Plant and Equipment under the International Accounting Standards No. 16 which states:

"Property, Plant and Equipment are tangible assets that:

- (a) are held by an enterprise for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period."

Furthermore, the said manual defines the following accounts as follows:

"Section 23. Loans Receivable, Current (123). This account is used to record the amount of short-term loans and current portion of long-term loans granted by the LGU to duly authorized recipients in accordance with existing agreement.

Section 103. Motor Vehicles (218). This account is used to record the cost or appraised value of motor vehicles acquired or purchased."

Verification of the subsidiary ledger of the Motor Vehicles revealed that the Municipal Government of Naujan acquired five units of motorcycle (Honda XRM RS 125) on October 29, 2011 to be loaned to field collectors. Records show that a Memorandum of Loan Agreement was executed by and between the previous Mayor and the five field collectors for a motorcycle loan amounting of ₱65,000.00 each, payable in five years without interest. Payment would be in equal monthly installments of ₱1,083.00 through salary deduction.

Upon purchased the vehicle was recorded in the books of accounts of the Municipality as Motor Vehicles, however, no Loan Receivable account was set up upon release to the recipient.

Verification of records and confirmation with the GSO revealed that custody and certificate of registration were already transferred to the following field personnel, details are as follows:

Property Number	Employee Name	Designation	Reg. No.
241-101-M001-000013	Marieta M. Panelo	License Inspector II	VH-4407
241-101-M001-000014	Nonilon A. Ramirez	Revenue Collection Clerk II	VH-4406
241-101-M001-000015	Leo A. Jayag	Revenue Collection Clerk II	VH-4455
241-101-M001-000016	Eric M. Padua	LAOO I	VH-4405
241-101-M001-000017	Jesse C. Guitierrez	Assessment Clerk II	VH-4406

Under the agreement, the Municipal Treasurer is responsible for the collection of the loan which started on October 31, 2011, however, no amortization schedule had been prepared to monitor the payments made on motorcycle loan, and thus, the current balance of the loan receivable per employee cannot be easily determined.



Confirmation with the Human Resource Management Officer (HRMO) further disclosed that the amount of ₱1,083.00 was being deducted from the monthly salary of the above-mentioned employees as payment for the motorcycle loan and this was affirmed by the Municipal Accountant. Upon deduction from the payroll the payment was credited to Other Income account. Verification further revealed that depreciation expense was provided every year.

It can be gleaned from the above that the loan agreement was executed by and between the Municipality and the employees; hence the motorcycles should no longer form part of the PPE but instead transferred to the receivable account.

Failure of the Municipal Accounting Department to properly account for the recognition and collection of the loan, and the continuous inclusion of the value of the said motorcycle in the PPE resulted in the overstatement of Motor Vehicle account and understatement of Loan Receivable account. Moreover, the Income and Expense accounts were overstated due to the recording of the collection of amortization as Other Income and the provision of depreciation expense.

**We recommended and Management agreed:**

- ★ to submit legal basis or policy of granting loans to field collector in the form of vehicle-Motorcycle;**
- ★ that the Municipal Accountant prepare subsidiary ledger for the loans granted to field collectors to record and monitor the payments made by those collectors and determine the current balance of the loans; and thereafter properly classify the motorcycle granted to employees as Loans Receivable, and correspondingly adjust the Motor Vehicle, Accumulated Depreciation and Government Equity accounts.**

*Cash and Cash Accounts*

- 4. Trust receipts of ₱600,000.00 in the Trust Fund book, without specific list of projects, placed in time deposit with the Development Bank of the Philippines (DBP) is contrary to Section 21 of COA Circular 92-382 which provides that only idle funds in the General Fund may be deposited under time deposit.**

Section 21 of COA Circular No. 92-382 dated July 3, 1992 states that provinces, cities and municipalities may deposit with duly authorized depository banks idle funds in the General Fund under the time deposit accounts, upon prior authority from the sanggunian and approval of the chief executive.

Section 309 of Republic Act (RA) No. 7160 provides that trust fund consists of private and public monies which have officially come into the possession of the local government or of a local government official as trustee, agent or administrator, or which have been received as a guarantee for the fulfillment of some obligation.

Said fund shall be used only for the specific purpose for which it was created or for which it came into the possession of the local government unit.

Verification of the Cash and Cash Accounts of the Municipality as at December 31, 2014 showed time deposit accounts under the Trust Fund book totaling ₱600,000.00 as follows:

Bank	Account Number	Amount	Term	Interest Rate
DBP	0605-013611-160	₱ 200,000.00	30 days	0.625%
DBP	0605-013582-160	400,000.00	30 days	0.750%
	<b>TOTAL</b>	<b>₱ 600,000.00</b>		

Analysis of the above time deposits and inspection of the bank passbook unveiled that the funds were invested in time deposit since 1998.

Validation from the Municipal Treasurer revealed that they have an authority from the local sanggunian for the said time deposit and the same was approved by the municipal mayor during that time. However, she cannot identify the composition where the funds are intended for due to non-availability of documents and list of specific projects where the funds are entrusted for.

**We recommended that the Municipal Treasurer return the time deposit of ₱600,000.00 to the current account of the Trust Fund book. Furthermore, we suggested that the Municipal Accountant analyze the composition of the ₱600,000.00 time deposit out of Trust Fund, then advise the Municipal Mayor on the status and composition of the funds and if the projects where the funds are entrusted can no longer be implemented due to non-availability of documents, return the funds to the source agency or to the Bureau of National Treasury.**

The Municipal Officials concerned expressed their compliance on the above-cited audit recommendations.

#### *LGU Accomplishments*

**5. Unutilized balance of appropriation totaling ₱27,055,286.23 and unimplemented proposed project under 20% development fund due to unfeasible project proposal and insufficient fund allocation**

Section 476(4) of the RA No. 7160 requires the Municipal Planning and Development Coordinator to monitor and evaluate the implementation of the different development programs, projects, and activities in the local government unit concerned in accordance with the approved development plan. Under Item 5 of the DILG-DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011, the Municipal Mayor is mandated to ensure that the 20% of the IRA is optimally utilized to help achieve desirable socio-economic development and environmental outcomes.

Comparison of the reported accomplishments against the targeted outcomes revealed that the appropriations for the 20% development fund of the Municipality were not fully utilized as follows:

Appropriation	Appropriation/ Allotment	Utilized	Unutilized Balance
Current	₱ 33,578,682.00	₱ 25,165,442.50	₱ 8,413,239.50
Continuing	40,565,499.22	21,923,452.49	18,642,046.73
<b>Total</b>	<b>₱ 74,144,181.22</b>	<b>₱ 47,088,894.99</b>	<b>₱ 27,055,286.23</b>

Details of unobligated balances for Current and Continuing Appropriations are shown in Annexes E and F.

Most of the reasons cited by the concerned municipal officials for the non-implementation of projects were unavailability of lot, unfeasible project proposal and insufficiency of funds allocated. Review of Statement of Appropriation Allotment, Obligation and Balances (SAAOB) revealed that the funds appropriated per project are not sufficient to finance the completion and implementation of the proposed projects because the identified PPAs were given only initial budget, as specified below:

Particulars	Amount
Current Appropriation	
Const. of Manpower Dev't Center for NTC	₱1,000,000.00
Purchase of Heavy Equipment-Bulldozer (initial allocation)	256,341.00
Purchase of BN Backhoe w/ Dozer Blade	<u>1,500,000.00</u>
Sub-total	<u>2,756,341.00</u>
Continuing Appropriation	
Elect. & Upgrading of Power Transformer	500,000.00
Welding Laboratory	1,600,392.00
Driving of 73 linear mtrs. concrete sheet piles – Estrella	<u>1,000,000.00</u>
Sub-total	<u>3,100,392.00</u>
<b>Total</b>	<b>₱5,856,733.00</b>

Non-implementation of projects deprived the timely attainment of socio-economic development and environmental management outcomes and responsiveness to the needs of the concerned constituents.

**We recommended that the:**

- ★ Municipal Planning and Development Officer and the Municipal Engineer properly plan the implementation of the developmental projects, and ensure that all problems identified in the preliminary engineering of the projects are resolved before their inclusion to the priority development projects of the Municipality; and**

**★ Municipal Development Council and Budget Officer appropriate enough fund for the complete implementation of the identified projects and refrain from appropriating funds on a staggered basis.**

During the exit conference, the Municipal Planning and Development Officer commented that flood control project at Barangay Santiago was not implemented because the same was already constructed by the Provincial Government of Oriental Mindoro and the funds will be realigned to other priority projects of the concerned barangays.

With regard to other unimplemented projects, the concerned Municipal officials promised that they will adopt the recommendations cited.

**6. Implementation of various projects was made by administration despite unavailability of necessary equipment by the Municipality or has access to such equipment owned by other government agencies.**

“By Administration” refers to the procedure by which the implementation of an infrastructure project is carried out under the administration and supervision of the concerned agency through its own personnel.

Item 3.2 of Annex “A” of GPPB Resolution No. 018-2006 dated December 6, 2006 provides the following requirements before the implementing agency could undertake projects by administration, to wit:

- a. have a track record of having completed, or supervised a project, by administration or by contract, similar to and with a cost of at least fifty percent (50%) of the project at hand, and
- b. own the tools and construction equipment to be used or have access to such tools and equipment owned by other government agencies.

Review of the projects implemented during the year showed that there were projects implemented by administration and the Municipality resorted to rental of necessary equipments and payments thereto amounting to ₱1,646,206.31, as follows:

Check		Withholding Tax and Retention	Gross Amount	Payee	Particulars
Number/ Date	Amount				
43948669/ 02.07.14	₱ 17,417.42	₱ 1,707.58	₱ 19,125.00	Naujan Hardware & Construction Supply	bagger mixer and concrete vibrator used in the concreting of road in Sitio. 6, Dao
3948869/ 03.25.14	17,758.92	1,741.08	19,500.00	Naujan Hardware & Construction Supply	bagger mixer and concrete vibrator used in the concreting of road

					in Purok 2, Concepcion
7195624/ 12.20.14	42,439.28	4,160.72	46,600.00	Naujan Hardware & Construction Supply	bagger mixer and concrete vibrator used in the concreting of road in Purok 3, Concepcion
47195655/ 12.22.14	1,265,509.84	295,471.47	1,560,981.31	Althea Enterprises	bulldozer used in the rechanelling of Bagtu River in Sitio. 3 & 4, Arangin
<b>Total</b>	<b>₱1,343,125.46</b>	<b>₱ 303,080.85</b>	<b>₱1,646,206.31</b>		

Although the Municipality has track record of completed projects, or supervised project, by administration or by contract, similar to and with a cost of at least 50% of the project above, such record is not sufficient to undertake the projects by administration due to lack of the necessary equipments owned by the municipality or have access to such equipments of other government agencies.

Verification of records unveiled that the Municipality did not first resorted to contracting with other government agencies in the province with available equipments for use in the implementation of the projects but instead contracted with the private contractors.

Implementation of projects “by administration” without the necessary equipment owned by the Municipality or have contract with other government agencies is in violation of the provisions of GPPB Resolution No. 018-2006.

**We recommended and Management agreed that the Municipal Engineer and the Planning Officer consider the available equipment of the Municipality and/or have contract with other government agencies with available equipment necessary in the projects before resorting to the implementation of the projects “by administration” and to refrain from renting to private contractors, if possible.**

- 7. The balance of Other Maintenance and Operating Expenses account of ₱10,423,161.61 is overstated by ₱5,914,974.61 due to erroneous classification in the annual budget of various programs of the Municipality into a lump sum appropriation.**

Section 111 of the Presidential Decree (P.D.) No. 1445 provides the following for the keeping of accounts:

- (1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.

- (2) The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Section 314.b.3(vii) of RA No. 7160 also require the budget document to contain such other financial statements and data as are deemed necessary or desirable in order to disclose in all practicable detail the financial condition of the local government unit.

Moreover, COA Circular No. 2004-008 dated September 20, 2004 prescribes the updated description of accounts under the MNGAS. The manual likewise defines the Other Maintenance and Operating Expenses account as “Expenses not otherwise classified under the specific maintenance and other operating expense accounts”.

Analysis of the Other Maintenance and Operating Expenses account totaling ₱10,423,161.61 as of December 31, 2014 revealed that disbursements in the implementation of various municipal programs/activities under the different offices of the Municipality, which appropriations were in lump sum amounts, were classified as Other MOE, instead of appropriate expense accounts, hence, resulted in the overstatement amounting to ₱5,914,974.61 (Annex G). The Audit Team also noted that ₱3,026,961.08 or 51.17% of the overstatement was for payment of salaries and wages of job order/casual personnel, which included the wages of those job order/casuals under the Linis Bayan and Solid Waste Management Programs of the Municipality.

Further review disclosed that each office concerned identified the expenditure items and actually submitted the budget matrix for its program/s; however, the budget remained as lump sum appropriation. The Municipal Accountant was able to identify the appropriate account for the actual expenses incurred in the subsidiary of the Other MOE account but failed to record the same in the appropriate expense accounts because it would negate the lump sum appropriations for the said affected account.

Notwithstanding the charges made to Other Maintenance and Operating Expenses account of the municipal programs, the total expenses reported in the financial statements of the Municipality as of December 31, 2014 was not affected. However, the account Other MOE was overstated by ₱5,914,974.61 and the total value of each affected expense accounts were understated thus, not accurately presented in the financial statements.

**We recommended that the Municipal Budget Officer consider the programmed appropriation by object of expenditure for identified programs/activities of different departments in the preparation of the annual budget, and the Municipal Accountant classify the actual expenses to appropriate accounts to reflect the accurate balances of affected expense accounts.**

During the exit conference, the Municipal Accountant cited that her recording of actual expenses to appropriate accounts will depend on the approved appropriation by object of expenditure. On the other hand, the Municipal Budget Officer agreed with the audit recommendation.

*Special Education Fund*

**8. Wages and benefits of Clerks, utility expenses and various equipments of the Naujan DepED District Offices were paid out of Special Education Fund due to continuous authorization of the School Board of the same in its annual budget.**

Section 272, Chapter 7 of RA No. 7160 or the Local Government Code of 1991 provides that the proceeds from the additional one percent (1%) tax on real property accruing to the Special Education Fund (SEF) shall be automatically released to the local school boards and shall be allocated for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the Local School Board.

Furthermore, DECS (now DepEd), DBM and DILG Joint Circular No. 01 s. 1998 dated April 14, 1998 states the following prioritization of expenses chargeable to SEF:

- (a) Operation and Maintenance of public schools, including organization of extension, non-formal, remedial and summer classes, as well as payment of existing allowances of teachers granted by local government units chargeable against SEF as of December 31, 1997, provided that any additional allowance that may be granted to teachers by LGUs shall be charged to the general fund of LGUs, subject to existing budgeting rules and regulations;
- (b) Construction and repair of school buildings, facilities and equipment including the acquisition, titling and improvement of school sites;
- (c) Educational Research
- (d) Acquisition/procurement of books, instructional materials, periodicals, and equipments including information technology resources; and
- (e) Expenses of school sports activities at the national, regional division, district municipal and barangay levels as well as for other DepEd related activities including co-curricular activities.

Audit of the CY 2014 disbursement vouchers and year-end financial statements disclosed that the Municipality paid for the following various expenses of the three District Offices:

- ★ wages and benefits of various district clerks totaling ₱234,615.00;
- ★ electricity expenses of the Naujan South District Office for the period January to June 2014 amounting to ₱25,695.83; and
- ★ purchase of various equipment of Naujan East District Office for ₱39,500.00

Those expenses shown in Annex H are contrary to Local Budget Circular No. 23 dated Sept. 10, 1985 wherein it is clearly stated that the maintenance and other operating expenses that maybe allowed for school board itself shall include only 1) supplies and materials and 2) travelling expenses (reimbursable), for allowed conferences/meetings of school board.

The continuous approval of the Municipal School Board to utilize the SEF in payment of various non-related expenses depleted the funds for the maintenance and operation of public schools.

**We recommended and Management agreed that the Municipal School Board limit the utilization of the Special Education Fund to programs and projects required in the DECS, DBM and DILG Joint Circular No. 01 s. 1998 in order to maximize the benefits that the public school students could derived therefrom. We also recommended and the concerned Municipal officials and employees concurred to discontinue allowing SEF to defray payment for non-related expenditures.**

**9. Inaccurate balances of Real Property Tax (RPT) Receivables and Special Education Tax (SET) Receivables as of December 31, 2014 due to the failure of the Accounting Department to establish RPT and SET receivables based on the Real Property Tax Registers/Taxpayers' Index Cards.**

Section 20 of the MNGAS for LGUs, Volume I, provides that “Real Property Tax Receivables/Special Education Tax Receivables shall be established at the beginning of the year based on Real Property Tax Account Register/Taxpayer’s index card. At the beginning of the year, the Treasurer shall furnish the Chief Accountant of a duly certified list showing the name of taxpayers and the amount due and collectible for the year. Based on the list, the Chief Accountant shall draw a Journal Entry Voucher (JEV) to record the debit to Real Property Tax Receivable/Special Education Tax Receivable and crediting to Deferred Real Property Tax Income/Deferred Special Education Tax Income.”

Verification of the JEVs showed that the Municipal Accounting Department established at the beginning of the year RPT and SET Receivables of ₱7,258,192.56 and ₱3,629,096.28, respectively. Analysis of the general ledger (GL) revealed that on November 2014 another SET Receivables of ₱50,351.11 was recorded corresponding to the collections made in excess of the recorded receivables.



It was also noted that the setting-up of the RPT and SET Receivables in January 2014 was based on the Report on Real Property Tax Assessments (RRPTA) of the Municipal Assessor for the period October to December 2013 generated on the Philippine Integrated Tax (ITax) Management System being implemented by the Municipality and not on the Real Property Tax Account Register/Taxpayers index card contrary to Section 20 the MNGAS for LGUs, Volume I.

Further verification disclosed that the Municipal Accounting Department used the total assessed value furnished by the Municipal Assessor's Department of which the assessed value of properties with restrictions were still included. Details of the computation are as follows:

Total Assessed Value	Rate of Levy		Tax Collectible for CY 2014			Remarks
	Basic RPT	SEF	Basic RPT	SEF	Total	
₱806,465,840.00	1.00%	1.00%	₱8,064,658.40	₱8,064,658.40	₱16,129,316.90	Per record (gross of restrictions)
794,428,990.00	1.00%	1.00%	7,944,289.90	7,944,289.90	15,888,579.80	Per audit (net of restrictions)
₱ (12,036,850.00)			₱(1,203,685.00)	₱(1,203,685.00)	₱(1,203,685.00)	Under/(Over)

Review of the General Ledgers for RPT and SET Receivables revealed that the Accounting personnel set-up only 90% of the total collectibles because this has been the practice of the Municipality for the past years which contributed to the understatement of the recorded receivables, computed as follows:

	Real Property Tax Assessment (net of restrictions)	Recorded Receivable (at 90%)	Under/ (Over)
Basic Tax (including Prov'l and Brgy. Share)	₱ 7,944,289.90	₱ 7,258,192.56	₱ 686,097.34
SEF Tax (Municipal share only)	3,972,144.95	3,629,096.28	343,048.67
Total	₱ 11,916,434.85	₱10,887,288.84	₱ 1,029,146.01

**We recommended that the Municipal Treasurer furnish the Municipal Accounting Department of the updated certified list of taxpayers showing the name, the amount due and collectible for the year.**

**We also recommended the Municipal Accountant to adjust the books of accounts of the Municipality effecting corrections to RPT and SET Receivables and Deferred Real Property and Special Education Tax Income accounts for calendar year 2014 and the year thereafter to fairly present the asset and liability account balances in the financial statements.**

During the exit conference, the Treasurer agreed to furnish the Accounting Department of the updated certified list of taxpayers with the amount due and

collectible for the ensuing year while the Accountant cited that she will review the entries made and likewise agreed to comply with the above recommendation.

**10. Payment for electricity and other expenses charged to Special Education Fund amounting to ₱110,417.83 made on reimbursement basis violated COA Circular No. 97-002.**

Section 93 of P.D. No. 1445 states that “Warrants chargeable to revenue or trust funds of the national government or checks drawn against the treasury Checking Account for Agencies maintained with any government depository shall be made payable either directly to the creditor to whom the money is due or to a disbursing officer for official disbursement.”

Likewise, Section 2 of COA Circular No. 97-002 dated February 10, 1997 provides that ideally, cash should be handled under the general principles of the imprest system, to wit:

1. xxx
2. All payments must be made by check.
3. Only payments in small amount may be made through the petty cash fund.
4. xxx

In practice, however, there are certain instances when it may be difficult, impractical or impossible to make payment by check. In such case, payments may be made by the disbursing officer in the form of cash through his cash advance.

Audit of the Municipality’s disbursement vouchers under SEF from January 1 to December 31, 2014 revealed that claims for payment of electricity expenses and various expenses totaling ₱110,417.83 were made on reimbursement basis by the members of the Municipal School Board as shown below:

Date	Check No.	Payee	Particulars	Amount
1/7/14	44447127	Lynn G. Mendoza	Hiring of PUJ-ALS	₱ 6,000.00
2/5/14	44447149	Bella M. Labay	Unit Meet expenses	24,730.00
3/3/14	44447152	Bella M. Labay	Unit Meet expenses	20,185.00
3/10/14	44447155	Bella M. Labay	Electricity exp-Jan. 2014	3,598.67
3/25/14	44447158	Bella M. Labay	Electricity exp-Feb. 2014	2,066.32
5/5/14	44447163	Bella M. Labay	Electricity exp-March 2014	3,421.92
5/8/14	44447166	Bella M. Labay	Electricity exp-April 2014	5,166.81
6/24/14	44447184	Rafael G. Manalo	Electricity exp-May 2014	5,826.51
7/17/14	44447199	Rafael G. Manalo	Electricity exp-June 2014	5,615.60
11/28/14	44447257	Leticia M. Menor	Unit Meet expenses	33,807.00
Total				₱110,417.83

The continuous reimbursement by the school officials violated the regulations that all payments shall be by checks.

**We recommended that the Municipal Mayor and the Accountant refrain from authorizing payments of claims on reimbursement basis and allow only those that are emergency in nature. Moreover, if it is impractical to pay thru checks, require the Disbursing Officer to make payments thru cash advance.**

During the exit conference, the concerned Municipal Officials promised to implement the above-cited audit recommendation.

#### *Environmental Compliance*

#### **11. Conditional approval of the Municipal's ten-year Solid Waste Management (SWM) Plan by the National Solid Waste Management Commission due to incomplete documentary and other requirements prescribed by Section 17 of Republic Act No. 9003**

Republic Act (RA) No. 9003 dated January 26, 2001 or the Ecological Solid Waste Management Act of 2000 provides for an ecological solid waste management program, creating the necessary institutional mechanisms and incentives declaring certain acts prohibited and providing penalties, appropriating funds therefore and other purposes.

Section 16 of the said Act requires that the province, city or municipality, through its local solid waste management boards, shall prepare its respective 10-year solid waste management plans consistent with the national solid waste management framework.

Likewise, Section 17 of R.A. No. 9003 enumerates the components of the Local Government Solid Waste Management Plan which shall include, but not limited to the following components:

1. Background Information
2. Waste characterization
3. Collection and Transfer
4. Processing
5. Source reduction
6. Recycling
7. Composting
8. Solid Waste Facility and Disposal
9. Education and public information
10. Special Wastes
11. Resource requirement and funding
12. Privatization of solid waste management projects
13. Incentive Programs

Review of the Municipal's SWM Plan for Calendar Year 2013-2023 revealed that the Municipal's SWM Board failed to include in their plan the components

pertaining to aspects of source reduction, recycling, composting, privatization of solid waste management projects and incentive programs which are integral parts of an SWM Plan as required in Section 17 of RA No. 9003. The Checklist of Requirements for SWM Plan not complied is shown in Annex I.

Moreover, the National Solid Waste Management Commission (NSWMC) OIC-Executive Director certified that the Municipal's SWM Plan was conditionally approved by the NSWMC. It was concurred by the Designated Municipal's Environment and Natural Resources Officer (MENRO), the concurrent SWM Coordinator of the Municipal's SWM Board, that the SWM Plan was not finally approved for failure to comply with the requirement of the NSWMC to update the Waste Analysis Characterization Study under the supervision of the Technical Staff of the NSWMC.

It was also noted that the Municipal's SWM Board after its reorganization on August 27, 2014 by virtue of Municipal Executive Order No. 2014-019 convene only on December 15, 2014. However, two meetings were organized through the initiative of MENRO-Designate together with the Municipal Tobacco Control Task Force on January 15 and February 17, 2014 regarding the implementation of ordinances on no smoking and solid waste management. Failure of the Municipal's SWM Board to convene regular meetings hinders the effective planning and coordination of the implementation of the SWM Plan.

Consequently, the non-preparation of documentary requirement for the approval of SWM Plan and the absence of proper monitoring not only violated the provision of RA No. 9003 but may result in an inefficient solid waste management.

**We recommended that the Municipal's SWM Board revisit the SWM Plan and revise it by incorporating therein all the requirements prescribed in Section 17 of RA No. 9003, and thereafter, submit the same to the NSWMC for approval.**

**We also recommended that the Municipal's SWM Board monitor and review the targets and strategies to ensure efficient management of the Municipality's SWM program.**

The MENRO, during the exit conference, mentioned that they are still in the process of updating their Waste Asset Characterization Study (WACS), and agreed to comply with the above recommendations.

- 12. Non-conduct of training on the collection, handling and transporting of wastes by the Municipal Health Officer to the Solid Waste Management staff and inadequate observance to the minimum requirement for the collection, transportation and handling of solid wastes**

Section 1 of Rule X of Implementing Rules and Regulations (IRR) of RA No. 9003 adopted by the Department of Environment and Natural Resources through the provisions of Section 59 of RA No. 9003 and by virtue of Executive Order No. 192, series of 1987 sets down the minimum standards and requirements for the collection, transport and handling of solid wastes. Included in such provisions are the conduct of training, usage and maintenance of equipment used in collecting and transporting of waste and proper scheduling in the collection of wastes.

For CY 2014, the Municipality utilized the services of seven employees only, composed of five garbage collectors, one driver and one security guard for the implementation of SWM Program due to the insufficiency of funds allotted for the SWM program.

Evaluation of the implementation of the SWM Program in the Municipality revealed that the MENRO-Designate is conducting meetings with the SWM staff for their sensitive tasks and duties. However, no training was given by the Municipal Health Officer to the SWM staff to ensure that the solid wastes are handled properly in accordance with the guidelines developed by the Commission through the National Ecology Center in coordination with the DOH. The training is necessary to enable the SWM staff particularly the garbage collectors to collect the solid wastes in a manner that prevents damage to the container and spillage or scattering of it within the collection vicinity. Moreover, the staff should be given seminar and training on how to protect themselves in various hazardous elements of wastes that may affect their health.

Interview with the barangay constituents and actual inspection revealed that most of the collectors and other personnel directly dealing with the collection of solid wastes are not always equipped with personal protective equipment and paraphernalia which is a clear violation of the IRR and exposed them to health hazard. According to the SWM Coordinator, it is because wearing personal protective equipment sometimes makes them feel uneasy and uncomfortable in carrying out their tasks.

It was also noted that there are no separate collection schedules and/or separate trucks for their specific types of wastes. The collections of the solid wastes are made in bulk and only one open dump truck is being used for the collection and transportation of the same to the sanitary landfill which do not have the appropriate compartments to facilitate efficient storing of sorted wastes while in transit.

**We recommended and Management agreed that the Municipal's SWM Board in coordination with the Municipal Health Officer and other concerned agencies provide necessary training for the SWM staff to ensure that the solid wastes are handled properly and to minimize the risk of hazards to the SWM personnel and the public as well.**

**We also recommended and Management likewise conformed that the Municipal's SWM Board observe the standards and requirements for the**

**collection, transportation and handling of solid wastes required by the provisions of the IRR of RA No. 9003.**

**13. Non-compliance with the basic requirement of RA No. 9003 in the operation of Municipal's Sanitary Landfill Category I in Barangay Buhangin and insufficient funds to finance the activities of SWM**

Section 42 of RA No. 9003 and Section 1 of Rule XIV of the IRR of the Act illustrates the minimum considerations for operating sanitary landfills.

Review of the operations of the Sanitary Landfill Category I in Barangay Buhangin and ocular inspection of the site revealed the following:

- a. There are no disposal site records for weights and volume of solid wastes accepted, personnel training and excavations. Also, there is no daily logbook or file of the calamities, injury and property damage, accidents, explosions, receipt or rejection of non-permitted wastes, flooding and other unusual occurrences.
- b. There are no signs indicating the facility name in each point of access from public road and even in the primary entrance of the site, no schedule of charges and the general types of materials which will be accepted or not and additional signs and/or measures relative to the personnel's public health and safety.
- c. Although the site is surrounded with concrete post-barbed wire perimeter fence, still unauthorized access by the public or the constituents within the vicinity was not prevented.
- d. There is a jetmatic pump installed which provides water for hand washing and for watering of plants, the toilet is not operational.
- e. No safe drinking water was available. The assigned personnel in duty were responsible for bringing their own supply of drinking water.
- f. The site operator assigned is using his personal cellular phone as communication facility.
- g. There is no available lighting for the whole site. The light post is for repair/rehabilitation because the flood eroded the soil where it was constructed. The normal duty of the assigned staff in the site is up to 5:00pm only; it got extended when there is a backhoe operation in the site.
- h. The assigned staff in the dumping site most often is not wearing and/or using safety personal protective equipment.
- i. No specific area for unloading of solid wastes. When there is a backhoe, the wastes are being unloaded to the space dig by the equipment usually 5x10 meters. Since the backhoe was open times being used by the Municipal Engineering's Office in various projects, then the spreading and compacting of the solid wastes was not accomplished as frequently as possible.

- j. The compacted wastes were not covered with soil of at least 6 inches in thickness that should be applied at the end of each work day. The soil covering depends on the backhoe operation. For CY 2014, no spraying of insecticide was done on the wastes in the site.
- k. The Administration Building which is also the bunkhouse of the assigned staff in the site is for repair. It was surrounded with different plants and trees wherein some are insect-repellant.

It was also noted that the 2.8 hectares controlled dumpsite of the Municipality was opened on year 2002 and later closed on year 2006. The same was converted into Sanitary Landfill Category I situated in 5.8 hectares in Barangay Buhangin.

Further verification shows that the Municipality has appropriated only ₱900,000.00 for the operation and implementation of the SWM Program. An additional ₱1,500,000.00 for the acquisition of backhoe was also allotted in CY 2014. Audit of the transactions for January 1-December 31, 2014 revealed that the actual expenses incurred for the implementation of SWM Program totalled ₱836,617.00, details of which are shown below.

<u>Expense Accounts</u>	<u>Amount</u>
Travelling Expense	₱ 6,467.00
Training Expense	3,000.00
Office Supplies Expense	3,919.00
Gasoline, Oil and Lubricants Expense	199,072.00
Other Supplies Expense	33,425.00
Repairs and Maintenance-Construction and Heavy Equipment	98,754.00
Other MOOE (including wages)	<u>491,980.00</u>
Total	<u>₱836,617.00</u>

For CY 2014, the Municipality generated income for garbage fee collection amounting to ₱124,985.00. Collection of garbage fee was in compliance with Article E of the Municipal Ordinance (MO) No. 36 series of 2004 also known as the Municipal Revenue Code of the Municipality of Naujan which was amended by MO No. 75 series of 2014 dated November 7, 2014. Section 7 of the MO No. 75 disclosed the imposition of fees and the regulatory provisions for the collection of Service charge for Environmental Development (Garbage Fee).

Although the amount of garbage fee collected was not sufficient to defray for all the expenses, it is a clear indication that the Municipality is finding its best way possible to produce funds for the implementation of the SWM program.

**We recommended and Management agreed that the Municipal's SWM Board monitor and evaluate the implementation of the SWM program and see to it that the requirements for the operations of the sanitary landfill was observed to ensure its continuous operation. Moreover, the Municipal officials review the**

**budget set for SWM for the effective and efficient performance of its activities and programs.**

**14. Collection and segregation of solid wastes at the Barangay level was not properly monitored by the Municipal's SWM Board. Moreover, only 22 barangays established the Materials Recovery Facility.**

Section 2, Rule VIII of the IRR of RA No. 9003 provides that pursuant to the Local Government Code, the LGUs shall be primarily responsible for the implementation and enforcement of the ecological solid waste management systems within their respective jurisdictions. Waste segregation and collection shall be conducted at the barangay level specifically for biodegradable/compostable and reusable/recyclable wastes. The collection and disposal of non-recyclable/non-recoverable materials and special wastes shall be the responsibility of the city or municipality.

Moreover, Section 1 of Rule XI of the same IRR includes that Barangays shall be responsible for the collection, segregation, recycling of biodegradable, recyclable, compostable and reusable wastes. MRFs will be established in every barangay or cluster of barangays. The facility shall be established in a barangay-owned or leased land or any suitable open space to be determined by the barangay through its Sanggunian. For this purpose, the barangay or cluster of barangays shall allocate a certain parcel of land for the MRF. The determination of site and actual establishment of the facility shall likewise be subject. The MRF shall receive biodegradable wastes for composting and mixed non-biodegradable wastes for final segregation, re-use and recycling.

The Municipal Government has provided only one Materials Recovery Facility (MRF) with an area of 50 square meters located near the Sanitary Landfill. This is the only processing facility where the wastes collected in the Municipality are placed and segregated manually.

Interview with the Punong Barangays/authorized representative revealed that only 22 out of the 70 barangays in the Municipality establish MRF. Failure of the 48 barangays to establish the same in each barangays or cluster of barangays resulted in the non-segregation of wastes at source and violated the above-cited provisions.

**We recommended and the Municipal officials expressed their willingness to encourage the barangay to establish materials recovery facility that will receive the mixed wastes for final sorting, segregation, composting or recycling before transferring the residual wastes to sanitary landfill. Moreover, we suggested and Management agreed that the Municipal's SWM Board strictly implement and monitor the collection and segregation of wastes at the barangay level as required by the provisions of RA No. 9003 and its IRR.**



**15. Payment for the wages of SWM staff amounting to ₱485,270.00 was incorrectly recorded as Other Maintenance and Operating Expenses instead of Environment/Sanitary Services.**

Section 61 of P.D. No. 1445 states that the examination of expense accounts shall be undertaken to ascertain that all expenses incurred have been duly authorized; adequately funded and documented; properly recorded; all recorded expenses have been actually incurred; and the classifications of expenses are appropriate and have been consistently followed.

Commission on Audit Circular No. 2004-008 set down the updated description of accounts under the New Government Accounting System wherein the following was included:

- ◆ Environment/Sanitary Services (794) – Cost of the services for the upkeep of the environment and maintenance of sanitation
- ◆ Other Maintenance and Operating Expenses (969) – Expenses not otherwise classified under the specific maintenance and other operating expense accounts

Audit of the disbursements out of SWM fund revealed that payment for the wages of the SWM staff for the period January 1 to December 31, 2014 amounting to ₱485,270.00 was recorded as Other Maintenance and Operating Expenses (Other MOE) instead of Environment/Sanitary Services.

Further verification revealed that the Municipal Budget Officer charged the expenses to Other MOE account and the Accountant recorded the same. The failure of the Municipal Budget Officer to appropriate the amount in the proper expense accounts resulted in the misclassification of the accounts and violated the above-cited regulations.

The erroneous recording of the amount resulted to overstatement of the balance of Other MOE and consequently understated the balance of Environment/Sanitary Services, thus the account balances were not fairly presented.

**We recommended that in the preparation of the Annual Budget, the Municipal Budget Officer correctly classify into Environment/Sanitary Services account the appropriation for the wages of the SWM staff. Moreover, we also recommended that the Municipal Accountant record the cost of those expenses incurred in their appropriate expense accounts to avoid misclassification of accounts.**

During the exit conference, both the Municipal Budget Officer and the Accountant assured the Audit Team of their compliance on the above recommendation.

*Funds transferred to LGUs*

**16. Erroneous classification of financial assistance from the Provincial Government of ₱461,437.15 to Due to Other NGAs instead to Due to Other LGUs, and doubtful validity of the balance of Due to Other LGUs account due to inclusion of payables amounting to ₱1,529,524.11 without the required documents and have been outstanding for more than seven years.**

Section 111(2) of P.D. No. 1445 provides that the highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Likewise, Section 4 (6) of P.D. No. 1445 states that the claims against government funds shall be supported by complete documentation. Moreover, Section 98 of the same decree requires the reversion to the unappropriated surplus of the General Fund any unliquidated balance of Accounts Payable which has been outstanding for two years or more and against which no actual claim has been filed or which is not covered by perfected contracts on record.

The financial statements of the Municipality of Naujan for CY 2014 reflected a balance of Due to Other NGAs account in the Trust Fund amounting to ₱24,796,860.04. Analysis of the account revealed that its compositions included items which came from the Provincial Government of Oriental Mindoro (PGOM) and thus, should have been classified as Due to Other LGUs instead of Due to Other NGAs, as follows:

<b>Account</b>	<b>Amount</b>
PGOM FA to Naujan Animal Raisers Association (NARA)	₱ 20,000.00
Barangay Election Reserve	248,450.00
Bgy. Balite -financial assistance	8,000.00
FA, various Municipalities	140,456.25
PGOM counterpart for CLUP	706.00
Prov'l. Counterpart on GRA	15,774.90
PTO, Bgy. Fish Terminal	550.00
PTO-cash prize jingle contest	1,000.00
PTO-incentive for Pandang Gitab	10,000.00
PTO-FA for 34th Founding Anniversary of Or. Mdo	16,500.00
<b>Total</b>	<b>₱ 461,437.15</b>

On the other hand, Due to Other LGUs in the General and Trust Funds amounting to ₱2,213,789.30 and ₱1,643,092.25, respectively, consisted payables

which have been outstanding since the Accounting Office implemented the e-NGAS on January 1, 2007 and were tagged as “for reconciliation”, details as follows:

<b>Fund</b>	<b>Balance as of Dec. 31, 2014</b>	<b>Outstanding for more than Seven Years</b>
General	₱ 2,213,789.30	₱ 150,512.86
Trust	1,643,092.25	1,379,011.25
Total	₱ 3,856,881.55	₱ 1,529,524.11

The Municipal Accountant cited that inclusive in the balances were amounts which have been in the books even before she became an officer of the Municipality. When asked of the documents supporting those claims against the fund of the Municipality, she mentioned that upon recording, her Office returned the documents to the office responsible; hence, no documents were presented.

Inclusion of payables which have been outstanding for more than two years and which no proper documents could be presented for the claims made the validity of Due to Other LGUs account balance doubtful.

**We recommended and the Municipal Accountant agreed to:**

- ★ draw a Journal Entry Voucher to reclassify the amount of ₱461,437.15 to Due to Other LGUs account to reflect the accurate account balances in the financial statements, and**
- ★ assign one personnel to verify the validity of the long outstanding payables amounting to ₱1,529,524.11, settle those with valid claims, and revert to unappropriated surplus of the General Fund those without valid/legal claims.**

*Hiring of Casual, Job Orders, Contractual, Consultants*

**17. Payments of wages to 191 Job Order (JO) personnel totaling ₱10,411,629.17 with incomplete supporting document.**

Section 4(6) of PD 1445 states that claims against government funds shall be supported with complete documentation.

In addition, COA Circular No. 2012-001 dated June 14, 2012 prescribes the revised guidelines and documentary requirements for common government transactions. The required supporting document for wages of job order personnel includes among others duly verified/accepted accomplishment report.

Verification of paid payrolls disclosed that it has been the practice of the agency to process and pay the wages of JO personnel in the absence of duly verified accomplishment reports.

In the conduct of the head count and inquiry from the JO personnel revealed that they were submitting their accomplishment reports to the Human Resource (HR) Office together with their DTR and other relevant documents. The HR Officer when interviewed admitted that JO personnel are submitting their accomplishment report duly noted or verified by the Head of the Department, however, the same was not attached to the payroll because they were reusing the back page of the paper to print other official documents of the HR Department for austerity measures. Moreover, she commented that if the same will be attached to the payroll it will be very bulky.

Non-attachment of the accomplishment reports to the payroll is not in accordance with the above COA Circular and hinders the immediate determination of the legality and propriety of payment of actual services rendered. Moreover, the necessity of hiring JO personnel could not be established.

**We recommended and Management agreed that the:**

- ★ Human Resource Management Officer submit to COA Auditor the accomplishment reports of all JO personnel for the Calendar Year 2014 for further verification and validation.**
- ★ Municipal Accountant strictly adhere with COA Circular No. 2012-001 which prescribes the documentary requirements needed for granting and liquidation of wages for Job Order personnel.**

#### *Gender and Development*

- 18. Only the Gender and Development (GAD) plan of projects and activities for ₱7.3 million, which is 3.96% of the total appropriation of ₱184,663,914.00, were prepared and approved due to non-establishment of GAD data base and inadequate awareness on GAD among municipal officials and employees. Moreover, only 36% of the GAD budget was utilized and the proposed projects were not fully accomplished.**

Paragraph 1 of Item 4 (C.1) of the Joint Memorandum Circular (JMC) No. 2013-01 of PCW-DILG-DBM and NEDA provides that LGUs shall formulate their annual GPBs within the context of their mandates to ensure gender mainstreaming in their policies, programs and projects. It is also provided therein that GAD planning and budgeting shall be integrated in the regular activities of the LGUs, the cost of implementation of which shall be at least five percent (5%) of their total Annual Budgets, and its development, allocation and utilization shall be implemented in accordance with the said JMC.

Item 4.f of PCW-DILG-DBM and NEDA JMC No. 2014-01 requires the LGU GFPS to lead in monitoring the effective implementation of the annual GPB, GAD Code, other GAD-related policies and plans. This same role of the GAD Focal Point is integrated in the Municipal Executive Order No. 2014-012-A dated May 8, 2014.

For CY 2014, the GAD Plan and Budget of the Municipality of ₱7,320,000.00 for the implementation of GAD-focused Projects, Programs and Activities (PPAs) and support fund to integrate gender perspectives in regular/flagship programs and projects of the Municipality was prepared and approved. The said amount represented 3.96% of the total appropriations of ₱184,663,914.00, thus the required GAD budget of 5% or ₱9,233,195.70 was not met.

Review of the accomplishments therefrom revealed that the GFPS focused mostly to GAD-awareness and empowerment of women's organization. Further, out of the ₱7,320,000.00 approved GPB, only ₱2,634,470.60 or 36% was utilized. The unutilized amount of ₱4,685,529.40 was intended for the following:

<b>Program/Project/ Activity (PPA)</b>	<b>Budget</b>	<b>Utilization</b>	<b>Balance</b>	<b>Remarks</b>
GAD-Focused PPAs (1-4)	₱ 520,000.00	₱ 105,707.39	₱ 414,292.61	Included in the appropriation was the establishment of GAD Responsive Database. However, no database was established at the end of the year.
Support to Victims of VAWC - Construction of Reception Action Center with complete facilities	1,500,000.00	0.00	1,500,000.00	No reported utilization and accomplishment.
Construction of Evacuation Centers in Brgy. Inarawan and Brgy. Motoderazo (LDRRMF)	2,000,000.00	83,737.00	1,916,263.00	The utilized amount pertained to improvement of evacuation center in Brgy. Motoderazo while the one in Brgy. Inarawan was constructed out of the Trust Fund (DSWD assistance)
Solid Waste Development Program (ENRO)	900,000.00	836,617.00	63,383.00	The GAD issue/concern being addressed here was the unavailability of safe evacuation center to flooded areas, however, the appropriation is for the maintenance of MRF in Brgy. Buhangin for the wastes collected from 16 barangays

				including Brgy. Motoderazo. The audit Team believes that not all the total amount appropriated and utilized for the purpose should be included in the GPB as gad-related activity.
Establishment of 2 BEMONC(MHO)	2,100,000.00	1,497,024.21	602,975.79	Only one BEMONC was established.
Anti-Smoking Campaign (MHO)	300,000.00	111,385.00	188,615.00	With partial utilization and accomplishment.
Total	₱7,320,000.00	₱2,634,470.60	₱4,685,529.40	

The GAD Focal Point mentioned that she was designated as such only in the mid of CY 2014 hence, she was not able to monitor the implementation of all the GAD projects and activities as planned and at present the Council is already in the process of collating data for their database. In addition, the Municipal Social Welfare and Development Officer (MSWDO) cited the inadequacy of awareness on GAD among LGU officials resulted in the proper identification of GAD related activities within the services rendered by various department heads.

**We recommended that the GAD Council and GAD Focal Point establish and maintain GAD database through gathering sex-disaggregated data and GAD-related information to come up with a more gender-responsive plan and programs. We also recommended that the GAD Focal Point include in their plan the conduct of training for full awareness on GAD so that the available database can guide them in determining the gender issues and activities to be planned and identified from the services rendered by each department. Likewise, the cooperation by concerned department heads are needed to ensure that the GPB is optimally utilized to address the identified GAD issues and concerns and to promote the welfare of the women in the locality.**

During the exit conference, the GAD Focal Point cited that when she was designated as Focal person in June 2014, her Office concentrated on the data gathering in preparation for the CY 2015 plan. On the other hand, the Municipal Administrator expressed his appreciation for the above observation because he admitted that Gender and Development has not been taken up seriously in the Municipality, and likewise promised to comply with the recommendation.

**19. Only 51 out of the 70 barangays established Violence Against Women (VAW) Desk and the barangay officials were not properly trained/oriented on anti-VAW laws due to inadequate information and fund.**

Second paragraph of Section 12 D of Rule IV of the Implementing Rules and Regulations (IRR) of the Republic Act (RA) 9710, otherwise known as the Magna

Carta for Women states, “All provincial governors, and city and municipal mayors shall ensure the establishment of a VAW Desk in every barangay within their jurisdiction and provide technical and financial assistance.”

The Philippine Commission on Women (PCW), Department of Interior and Local Government (DILG), Department of Social Welfare and Development (DSWD), Department of Health (DOH), and Department of Education (DepED) who have the lead role in the formulation of the standards and guidelines in the establishment of the VAW desk as required under Section 12 D.2 of the above IRR, jointly issued the Memorandum Circular No. 2010-2 on December 9, 2010 to provide the guidelines and procedures for the establishment of barangay VAW Desk.

Of the 64 barangay officials being interviewed, only 51 confirmed the establishment of VAW desk in their barangay due to lack of information and fund.

Furthermore, the 14 designated VAW desk officers had not undergone basic training/orientation on anti-VAW laws due to lack of funds and the inadequacy of information of the respondents on violence against women although they already established the VAW desk in their barangays. This was confirmed by the Municipal Social Welfare and Development Officer because according to her, most of the VAW cases she handled were supposed to be initially acted in the barangay level before it was turned-over to her, while other officers could not identify which among the cases handled were considered as a VAW case.

**We recommended that the GAD Focal Person initiate the conduct of training on anti-VAWs laws and the establishment of VAW desk in all the 70 barangays. Moreover, the Municipality should provide technical and financial assistance to make each VAW desk operational and ensure that concerns of women specially the victims of sexual harassment, violence against women and other similar cases are properly addressed.**

During the exit conference, the GAD Focal Person mentioned that due to miscommunication, she let the DILG personnel did the orientation of the barangay officials relative to establishment and operation of VAW desk. She, however, committed herself in complying with the above recommendation.

### **Compliance with PDAF Decision**

Balance of unutilized PDAF totaling ₱5,650,000.00 was returned to the Bureau of Treasury under Check No. 44447032 dated April 21, 2015.

### **Compliance with Tax Laws**

The Municipality of Naujan complied with the provisions of the Bureau of Internal Revenue (BIR) Regulation No. 2-98, dated April 17, 1998, as amended, and various issuances of the BIR, particularly on the withholding/deduction and remittance of

the required taxes from the claims of various suppliers/contractors and other claimants including those from compensation of municipal officials and employees.

**Unsettled Suspensions, Disallowances and Charges**

As of December 31, 2014, the Municipality has unsettled disallowance of ₱747,416.50 covering the payment of the construction of concrete piles at Brgy. Estrella, Naujan. This is the subject of a pending Appeal filed before the Commission on Audit, Regional Office No. IV.



**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**  
**As of December 31, 2014**

Of the ten prior year's audit recommendations embodied in the 2013 and prior year's Annual Audit Report, one was fully implemented, seven were partially implemented and the other two were not implemented. Details are as follows:

Audit Observations	Audit Recommendations	Ref.	Management's Action	Status of Implementation	Reasons for Partial/Delay/ Non-Implementation
1. Failure to conduct physical inventory of Property, Plant and Equipment (PPE) for the General, Special Education and Trust Funds amounting to ₱222,308,069.38, ₱8,639,891.08 and ₱7,658,797.24, respectively.	We recommended that (a) the Local Chief Executive direct the Inventory Team to expedite the inventory of all property, plant and equipment under the General, Special Education and Trust Funds, and submit the Inventory Report to the Municipal Accountant and to the Office of the Auditor, and (b) the General Services Officer maintain property cards for reconciliation with the ledger cards maintained by the Accounting Office.	2013 AAR page 21	The General Services Department (GSD) identified the property, plant and equipments which are not recorded in the GSD but recorded in the e-NGAS.	Not implemented. Reiterated in Part II of the Report	The General Services Officer is seeking for the proper procedures to account/report the property, plant and equipments which are nowhere to find but recorded in the e-NGAS.

2. Misclassification of various properties rendered the balances of PPE accounts unreliable.	We recommended that the Municipal Accountant review the classification of its property, plant and equipment and draw a Journal Entry Voucher to correct the erroneous classification of the properties in accordance with COA Circular No. 2004-008 dated September 20, 2004, COA Circular No. 2005-002 dated April 14, 2005 and COA Circular No. 2012-002 dated September 12, 2012.	2013 AAR page 22	The Municipal Accountant already reviewed the property, plant and equipment accounts for proper classification.	Partially implemented	The Municipal Accountant cited that reclassification of PPE accounts will be done parallel with the adjustment for those equipments which are no longer existing but recorded in the books and those which are donated to the LGU but not supported with required documents.
3. The setting up of Real Property Tax was based on estimates, and failure to recognize SET Receivable at the beginning of the year.	We recommended that the (a) Municipal Treasurer update the Real Property Tax Account Registers (RPTARs) and come up with the certified list of taxpayers as basis for the setting up of RPT and SET Receivables, and the (b) Municipal	2013 AAR pages 23-24	The Municipal Treasurer started the update of RPTAR.	Not implemented. Reiterated in Part II of the Report	The updating of the Municipality's RPTAR is still on going, and no certified list of taxpayers with their corresponding amount due for the year was submitted to the Municipal Accountant, hence the Report on Real Property Tax

	Accountant to set-up the RPT and SET Receivables in accordance with Section 20, Volume I of the NGAS Manual for LGUs.				Assessments (RRPTA) of the Municipal Assessor, which was the one available, was used in setting-up of RPT and SET Receivables in CY 2014.
4. Material reconciling items of ₱7,823,126.37 for the Due from and Due to Other Funds accounts	We recommended that the Accountant prepare the necessary adjustments by reclassifying the Due to Other Funds-Trust Fund to Other Payable with subsidiary ledger for the unexpended balance of DRRM Fund since the e-NGAS has no Trust Liability-DRRM Fund account; analyze the receivable and payable accounts set up in each fund to determine the reconciling items for adjustments; prepare quarterly reconciliation report for those reciprocal accounts and ensure that reconciling items are resolved and	2013 AAR pages 24-25	The Municipal Accountant analyzed the accounts and effected the necessary adjustments in the books.	Partially implemented.	The Due from Other Funds account balance of ₱335,040.00 of the General Fund remained unreconciled with the Special Education Fund due to lack of payable set up in the latter's book.

	adjusted on time and before approving the Journal Entry Voucher for input to the system, perform review of transaction to deter possible error or omissions.				
<p>5. In the review of contracts and inspection of projects, the COA Technical Audit Specialists (TAS) noted several deficiencies as discussed below:</p> <p>a. The improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I is found to be 79.27% actual work accomplishment or a disparity of 20.73%, thus, resulting in the total cost deficiency of ₱237,833.48.</p>	<p>We recommended that the Municipal Engineer and the Accountant to demand payment from (a) REMM V Builders and Enterprises for the cost deficiency of ₱237,833.48 relative to the improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I and ₱53,267.44 as regards construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan; (b) LN Salvador Construction the cost deficiency of ₱63,203.14 relative to construction of Evacuation Center</p>	2013 AAR pages 26-31	The concerned municipal officials demanded corrective measures from the contractors who willingly performed the same to remedy the cited deficiencies.	Partially implemented	The corrective measures done on the noted deficiencies are still subject for the re-inspection by COA TAS.

<p>b. Non-installation of various items in the program of works for the construction of Evacuation Center Phase 2 at Barangay, Inarawan, Naujan, resulting in a total cost deficiency of ₱63,203.14.</p> <p>c. Unmaintained landscape, unaccomplished painting works and non-installation of door closer for the project construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan, resulting in a total cost deficiency of ₱53,267.44.</p> <p>d. Peripheral penetrating cracks on concrete flooring in the construction</p>	<p>Phase 2 at Barangay Inarawan, Naujan; and (c) DK Construction the cost deficiency of ₱45,719.10 relative to the project construction of one unit classroom Phase I at Kalinisan Elementary School, Barangay Kalinisan, Naujan. The Municipal Engineer is likewise enjoined to comply with the provision of Section 3(i), 3<sup>rd</sup> paragraph of the Implementing Rules and Regulations of Republic Act No. 9184, and institute corrective measure on the observations by the COA TAS relative to the construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.</p>				
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<p>of one unit classroom, Phase 1 at Kalinisan Elementary School, Barangay Kalinisan, Naujan, resulting to a total cost deficiency of ₱47,719.10.</p> <p>e. Skeletal structure of Legislative Building, Phase I at Barangay Santiago, Naujan which are considered not usable pursuant to the 3<sup>rd</sup> paragraph of Section 3.i, Annex “A” of RA 9184.</p> <p>f. Siltation on the canal flooring and vegetation on the canal wall for the project construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.</p>					
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6. Unutilized/remaining balance of Priority Development Assistance Fund (PDAF) under the Due to Other NGA account in the Trust Fund totaling ₱5,949,317.80.	We recommended that the Municipal Treasurer return to the Bureau of Treasury the unutilized/remaining balance of PDAF for reversion to the unappropriated surplus of the General Fund of the National Government in compliance with the SC Decision.	2013 AAR pages 32-33	The Municipality remitted the unutilized PDAF on April 21, 2015 totaling ₱5,650,000.00.	Fully implemented	
7. Non-submission of LDRRMFIP and Monthly Reports of Source and Utilization of LDRRMF as required under COA Circular No. 2012-002 dated September 12, 2012.	We recommended that the LDRRMO submit the LDRRMFIP and monthly Report of Sources and Utilization of DRRMF duly certified correct by the Municipal Accountant on or before the 15 <sup>th</sup> day after the end of each month.	2013 AAR pages 33-34	The LDRRMO submitted the LDRRMFIP for CY 2014 and monthly Report of Sources and Utilization of DRRMF duly certified correct by the Municipal Accountant.	Fully implemented.	
8. Copies of 42 approved infrastructure contracts totaling ₱34,456,743.00 as well as copies of 895 approved Purchase Orders (POs) totaling	We recommended that the BAC Secretariat and the General Services Officer be required to submit to the Office of the Auditor copies of the contracts and purchase	2013 AAR pages 34-35	The concerned municipal officials and employees regularly furnish the COA Auditor of the perfected contracts and POs for their review, however, not within the	Partially implemented.	Practical reasons hindered the Municipality to submit copy of perfected contracts and POs to the COA Auditor within five (5) days after the

<p>₱34,894,800.55 were delayed in furnishing the COA Auditor in violation of Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009, thus precluding the Auditor of the timely review of the contracts and communication of any defects and deficiencies found in audit.</p>	<p>orders within five (5) days after the execution/issuance thereof pursuant to COA Circular 2009-001.</p>		<p>prescribed period.</p>		<p>execution/issuance thereof.</p>
<p>9. The Municipality failed to fully implement the projects to be financed out of the 20% Development Fund for CY 2012 with an unutilized balance of ₱39,430,269.72 thus, affecting the optimal attainment of the desired social and economic development from the</p>	<p>We recommended that the Municipal officials and members of the Local Development Council properly plan, prioritize all activities, and appraise the socio-economic development programs and projects to be implemented during the year; and coordinate, monitor and evaluate the implementation of those projects to avoid</p>	<p>2012 AAR</p>	<p>Out of the remaining balance of CY 2012 20% Development Fund of ₱17,878,207.23, projects with costs totaling ₱2,489,449.00 were implemented.</p>	<p>Partially implemented. Reiterated in Part II of the Report</p>	<p>The remaining projects were not implemented due to unavailability of lot, unfeasibility of the projects in the proposed locations and insufficiency of funds.</p>



intended projects and depriving its constituents of the benefits accruing them.	delays and maximize the utilization of the 20 percent Local Development Fund in accordance with DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011.				
10. The Due From (Receivable) and To Other Funds (Payable) account balances in the General Fund book of ₱335,040.00 and ₱456,232.93, respectively, were not supported by any balances of Due to and From Other Funds accounts in the Special Education Fund book, thus, resulting in the unreconciled Intra-agency Receivables and Payables account balances.	We recommended that the Municipal Accountant prepare the necessary accounting entries in the Special Education Fund books of account for the share in the collected real property tax and the sound system paid under General Fund book to reconcile the intra-agency receivable and payable account balances.	2012 AAR		Partially implemented	The Due from/to Other Funds remained unreconciled.

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED BALANCE SHEET (By Fund)**  
**As of December 31, 2014**

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Trust Fund</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
<b>CASH</b>				
<b>Cash on Hand</b>				
Cash in Vault	₱ 300.00	₱ 300.00	₱ 0.00	₱ 0.00
<b>Cash in Banks-Local Currency</b>				
Cash in Bank -Local Currency, Current Account	51,100,888.07	9,311,281.85	2,017,809.84	39,771,796.38
Cash in Bank -Local Currency, Time Deposits	101,600,946.39	100,000,946.39	1,000,000.00	600,000.00
<b>Total Cash</b>	<b>152,702,134.46</b>	<b>109,312,528.24</b>	<b>3,017,809.84</b>	<b>40,371,796.38</b>
<b>RECEIVABLES</b>				
<b>Receivable Accounts</b>				
Accounts Receivable	182,571.15	182,571.15	0.00	0.00
<b>Inter-agency Receivables</b>				
Due from NGAs	961,925.90	926,262.61	0.00	35,663.29
Due from LGUs	638,429.08	559,000.08	0.00	79,429.00
Due from NGOs/Pos	35,500.00	35,500.00	0.00	0.00
<b>Intra-agency Receivables</b>				
Due from Other Funds	1,129,156.35	335,040.00	794,116.35	0.00
<b>Other Receivables</b>				
Receivables - Disallowances/Charges	104,816.36	104,580.36	107.00	129.00
Advances to Officers and Employees	105,087.73	105,087.73	0.00	0.00
<b>Total Receivables</b>	<b>3,157,486.57</b>	<b>2,248,041.93</b>	<b>794,223.35</b>	<b>115,221.29</b>
<b>INVENTORIES</b>				
<b>Supplies</b>				
Office Supplies Inventory	237,378.81	0.00	237,378.81	0.00
Accountable Forms Inventory	31,339.81	31,339.81	0.00	0.00
Drugs and Medicines Inventory	337,667.60	337,667.60	0.00	0.00
Medical, Dental and Laboratory Supplies Inventory	9,996.00	9,996.00	0.00	0.00
<b>Total Inventories</b>	<b>616,382.22</b>	<b>379,003.41</b>	<b>237,378.81</b>	<b>0.00</b>

	Total	General Fund	Special Education Fund	Trust Fund
<b>OTHER CURRENT ASSETS</b>				
Guaranty Deposits	902,156.95	902,156.95	0.00	0.00
Other Current Assets	40,000.00	40,000.00	0.00	0.00
<b>Total Other Current Assets</b>	<b>942,156.95</b>	<b>942,156.95</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL CURRENT ASSETS</b>	<b>157,418,160.20</b>	<b>112,881,730.53</b>	<b>4,049,412.00</b>	<b>40,487,017.67</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
<b>LAND AND LAND IMPROVEMENTS</b>				
Land	9,731,765.46	9,704,565.46	0.00	27,200.00
Land Improvements	20,100,698.31	20,072,180.15	28,518.16	0.00
Electrification, Power and Energy Structures	11,651,460.80	11,638,010.40	13,450.40	0.00
<b>Total Land and Land Improvements</b>	<b>41,483,924.57</b>	<b>41,414,756.01</b>	<b>41,968.56</b>	<b>27,200.00</b>
<b>BUILDINGS</b>				
Office Buildings	32,296,604.77	23,673,946.44	991,061.09	7,631,597.24
School Buildings	15,135,502.55	11,857,151.22	3,278,351.33	0.00
Hospitals and Health Centers	4,242,082.23	4,242,082.23	0.00	0.00
Markets and Slaughterhouses	7,628,327.19	7,628,327.19	0.00	0.00
Other Structures	21,975,496.35	21,549,461.24	426,035.11	0.00
<b>Total Buildings</b>	<b>81,278,013.09</b>	<b>68,950,968.32</b>	<b>4,695,447.53</b>	<b>7,631,597.24</b>
<b>OFFICE EQUIPMENT, FURNITURE AND FIXTURES</b>				
Office Equipment	3,117,765.59	1,314,474.30	1,803,291.29	0.00
Furniture and Fixtures	7,710,515.85	7,656,314.87	54,200.98	0.00
IT Equipment and Software	4,025,103.44	3,447,446.58	577,656.86	0.00
Library Books	11,959.52	11,959.52	0.00	0.00
<b>Total Office Equipment, Furniture and Fixtures</b>	<b>14,865,344.40</b>	<b>12,430,195.27</b>	<b>2,435,149.13</b>	<b>0.00</b>
<b>MACHINERIES AND EQUIPMENT</b>				
Agricultural, Fishery and Forestry Equipment	539,871.44	539,871.44	0.00	0.00
Communication Equipment	1,415,210.80	1,396,844.37	18,366.43	0.00
Construction and Heavy Equipment	30,196,165.92	30,196,165.92	0.00	0.00
Disaster Response and Rescue Equipment	2,956,084.57	2,956,084.57	0.00	0.00
Medical, Dental and Laboratory Equipment	393,189.76	392,739.76	450.00	0.00
Military and Police Equipment	7,746.84	7,746.84	0.00	0.00
Sports Equipment	27,937.54	16,302.54	11,635.00	0.00
Technical and Scientific Equipment	1,097,319.73	1,097,319.73	0.00	0.00
Other Machineries and Equipment	1,409,768.86	1,350,204.11	59,564.75	0.00
<b>Total Machineries and Equipment</b>	<b>38,043,295.46</b>	<b>37,953,279.28</b>	<b>90,016.18</b>	<b>0.00</b>

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Trust Fund</b>
<b>TRANSPORTATION EQUIPMENT</b>				
Motor Vehicles	10,075,683.16	10,075,683.16	0.00	0.00
Watercrafts	1,843,201.09	1,843,201.09	0.00	0.00
Other Transportation Equipment	2,183.00	2,183.00	0.00	0.00
<b>Total Transportation Equipment</b>	<b>11,921,067.25</b>	<b>11,921,067.25</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>				
Other Property, Plant and Equipment	2,093,681.80	2,086,054.80	7,627.00	0.00
<b>Total Other Property, Plant and Equipment</b>	<b>2,093,681.80</b>	<b>2,086,054.80</b>	<b>7,627.00</b>	<b>0.00</b>
<b>REFORESTATION PROJECTS</b>				
Reforestation - Upland	24,222.00	24,222.00	0.00	0.00
<b>Total Reforestation Projects</b>	<b>24,222.00</b>	<b>24,222.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CONSTRUCTION IN PROGRESS</b>				
Public Infrastructures/Reforestation Projects				
Construction in Progress -Roads, Highways and Bridges	5,175,400.00	5,175,400.00	0.00	0.00
Construction in Progress -Plazas, Parks and Monuments	193,755.00	193,755.00	0.00	0.00
Construction in Progress -Artesian, Wells, Reservoirs, Pumping Stations and Conduits	3,287,083.55	3,283,368.55	3,715.00	0.00
Construction in Progress - Irrigation, Canals and Laterals	1,275,755.32	1,275,755.32	0.00	0.00
Construction in Progress - Flood Controls	918,057.50	918,057.50	0.00	0.00
Construction in Progress - Waterways, Aqueducts, Seawalls, River Walls and Others	2,625,906.28	2,625,906.28	0.00	0.00
<b>Total Construction in Progress</b>	<b>13,475,957.65</b>	<b>13,472,242.65</b>	<b>3,715.00</b>	<b>0.00</b>
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>203,185,506.22</b>	<b>188,252,785.58</b>	<b>7,273,923.40</b>	<b>7,658,797.24</b>
<b>OTHER ASSETS</b>				
Other Assets	132,869.56	132,869.56	0.00	0.00
<b>Total Other Assets</b>	<b>132,869.56</b>	<b>132,869.56</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS</b>	<b>₱ 360,736,535.98</b>	<b>₱ 301,267,385.67</b>	<b>₱ 11,323,335.40</b>	<b>₱ 48,145,814.91</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
<b>Payable Accounts</b>				
Accounts Payable	₱ 12,424,749.14	₱ 12,083,089.59	₱ 312,527.68	₱ 29,131.87
Due to Officers and Employees	2,009,492.54	2,009,272.54	220.00	0.00

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Trust Fund</b>
<b>Inter-Agency Payables</b>				
Due to BIR	1,380,105.13	1,309,116.59	19,096.58	51,891.96
Due to GSIS	1,290,271.31	1,290,271.31	0.00	0.00
Due to PAG-IBIG	263,420.11	263,420.11	0.00	0.00
Due to PHILHEALTH	17,257.03	17,257.03	0.00	0.00
Due to Other NGAs	25,035,564.10	238,704.06	0.00	24,796,860.04
Due to Other GOCCs	2,175.15	2,175.15	0.00	0.00
Due to LGUs	3,856,881.55	2,213,789.30	0.00	1,643,092.25
<b>Intra-Agency Payables</b>				
Due to Other Funds	794,116.38	794,116.38	0.00	0.00
<b>Other Liability Accounts</b>				
Guaranty Deposits Payable	1,384,302.29	1,048,241.98	45,824.80	290,235.51
Performance/Bidders/Bail Bonds Payable	463,462.90	0.00	0.00	463,462.90
Other Payables	170,551.05	144,414.32	0.00	26,136.73
Trust Liability	13,399,315.72	0.00	0.00	13,399,315.72
<b>Total Current Liabilities</b>	<b>62,491,664.40</b>	<b>21,413,868.36</b>	<b>377,669.06</b>	<b>40,700,126.98</b>
<b>TOTAL LIABILITIES</b>	<b>62,491,664.40</b>	<b>21,413,868.36</b>	<b>377,669.06</b>	<b>40,700,126.98</b>
<b>DEFERRED CREDITS</b>				
Other Deferred Credits	237,378.81	0.00	237,378.81	0.00
<b>Total Deferred Credits</b>	<b>237,378.81</b>	<b>0.00</b>	<b>237,378.81</b>	<b>0.00</b>
<b>EQUITY</b>				
Government Equity, January 1, 2014	259,205,519.46	243,079,956.79	8,679,874.74	7,445,687.93
Add: Retained Operating Surplus:				
Current Operations	50,999,232.13	48,970,819.34	2,028,412.79	0.00
Prior Year's Adjustments	(33,000.00)	(33,000.00)	0.00	0.00
Less: Transfer to Registry				
Public Infrastructures	(12,164,258.82)	(12,164,258.82)	0.00	0.00
<b>Government Equity, December 31, 2014</b>	<b>298,007,492.77</b>	<b>279,853,517.31</b>	<b>10,708,287.53</b>	<b>7,445,687.93</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 360,736,535.98</b>	<b>₱ 301,267,385.67</b>	<b>₱ 11,323,335.40</b>	<b>₱ 48,145,814.91</b>

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES (By Fund)**  
**For the Year Ended December 31, 2014**

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
<b>TAX REVENUE</b>			
Local Taxes			
Business Tax	₱ 3,470,834.07	₱ 3,470,834.07	₱ 0.00
Community Tax	1,398,828.01	1,398,828.01	0.00
Franchise Tax	27,050.00	27,050.00	0.00
Real Property Tax	3,789,885.48	3,789,885.48	0.00
Less: Discount on Real Property Tax	(211,358.67)	(211,358.67)	0.00
Special Education Tax	4,737,762.41	0.00	4,737,762.41
Less: Discount on Special Education Tax	(264,198.67)	0.00	(264,198.67)
Tax on Sand, Gravel and Other Quarry Products	1,151,416.08	1,151,416.08	0.00
Fines and Penalties- Local Taxes	165,535.61	165,535.61	0.00
Total Local Taxes	<b>14,265,754.32</b>	<b>9,792,190.58</b>	<b>4,473,563.74</b>
<b>GENERAL INCOME ACCOUNTS</b>			
Internal Revenue Allotment	<b>167,893,410.00</b>	<b>167,893,410.00</b>	<b>0.00</b>
Permits and Licenses			
Fees on Weights and Measures	73,693.00	73,693.00	0.00
Permit Fees	1,389,066.01	1,389,066.01	0.00
Registration Fees	755,893.50	755,893.50	0.00
Total Permits and Licenses	<b>2,218,652.51</b>	<b>2,218,652.51</b>	<b>0.00</b>
Service Income			
Clearance and Certification Fees	797,828.00	797,828.00	0.00
Garbage Fees	124,985.00	124,985.00	0.00
Inspection Fees	402,675.00	402,675.00	0.00
Other Services Income	472,916.87	472,916.87	0.00
Total Service Income	<b>1,798,404.87</b>	<b>1,798,404.87</b>	<b>0.00</b>
Business Income			
Income from Cemetery Operations	162,100.00	162,100.00	0.00

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
Income from Dormitory Operations	1,175,661.00	1,175,661.00	0.00
Income from Markets	1,145,467.00	1,145,467.00	0.00
Income from Slaughterhouse	651,273.00	651,273.00	0.00
Income from Transportation System	64,980.00	64,980.00	0.00
Landing and Parking Fees	227,752.00	227,752.00	0.00
Rent Income	63,000.00	63,000.00	0.00
Tuition Fees	2,060.00	2,060.00	0.00
Other Business Income	176,046.00	176,046.00	0.00
Total Business Income	<b>3,668,339.00</b>	<b>3,668,339.00</b>	<b>0.00</b>
Other Income			
Income from Grants and Donations	1,240,500.00	1,240,500.00	0.00
Interest Income	671,418.36	671,418.36	0.00
Share from PAGCOR/PCSO	170,354.03	170,354.03	0.00
Miscellaneous Income	402,836.00	402,836.00	0.00
Total Other Income	<b>2,485,108.39</b>	<b>2,485,108.39</b>	<b>0.00</b>
TOTAL OPERATING INCOME	<b>192,329,669.09</b>	<b>187,856,105.35</b>	<b>4,473,563.74</b>
EXPENSES			
PERSONAL SERVICES			
Salaries and Wages			
Salaries and Wages - Regular	40,761,442.90	40,761,442.90	0.00
Salaries and Wages - Casual	485,115.00	0.00	485,115.00
Other Compensation			
Personnel Economic Relief Allowance (PERA)	4,382,869.36	4,382,869.36	0.00
Representation Allowance (RA)	2,074,921.00	2,074,921.00	0.00
Transportation Allowance (TA)	1,849,062.50	1,849,062.50	0.00
Clothing/Uniform Allowance	905,000.00	905,000.00	0.00
Subsistence, Laundry and Quarter Allowance	322,125.00	322,125.00	0.00
Productivity Incentive Allowance	314,000.00	314,000.00	0.00
Honoraria	79,000.00	79,000.00	0.00
Hazard Pay	1,424,716.45	1,424,716.45	0.00
Overtime and Night Pay	329,416.72	329,416.72	0.00
Cash Gift	937,875.00	921,875.00	16,000.00
Year End Bonus	3,413,262.35	3,413,262.35	0.00

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
Personnel Benefits Contributions			
Life and Retirement Insurance Contributions	4,891,124.17	4,891,124.17	0.00
PAG-IBIG Contributions	902,881.69	902,881.69	0.00
PHILHEALTH Contributions	457,750.00	457,750.00	0.00
ECC Contributions	213,254.11	213,254.11	0.00
Other Personnel Benefits			
Terminal Leave Benefits	1,888,247.69	1,888,247.69	0.00
Other Personnel Benefits	2,093,000.00	2,093,000.00	0.00
Total Personal Services	<b>67,725,063.94</b>	<b>67,223,948.94</b>	<b>501,115.00</b>
MAINTENANCE AND OTHER OPERATING EXPENSES			
Travelling Expenses			
Travelling Expenses - Local	1,797,857.90	1,797,857.90	0.00
Training and Scholarship Expenses			
Training Expenses	725,489.70	725,489.70	0.00
Supplies and Material Expenses			
Office Supplies Expense	2,871,304.84	2,843,006.84	28,298.00
Accountable Forms Expenses	217,776.14	217,776.14	0.00
Animal/Zoological Supplies Expenses	60,925.00	60,925.00	0.00
Drugs and Medicines Expenses	632,334.00	632,334.00	0.00
Medical, Dental and Laboratory Supplies Expenses	340,004.00	340,004.00	0.00
Gasoline, Oil and Lubrication Expenses	8,137,150.49	8,137,150.49	0.00
Agricultural Supplies Expenses	426,253.00	426,253.00	0.00
Textbooks and Instructional Materials Expenses	801,976.00	801,976.00	0.00
Other Supplies Expenses	2,082,878.77	2,069,870.77	13,008.00
Utility Expenses			
Water Expenses	346,665.80	346,665.80	0.00
Electricity Expenses	3,749,312.23	3,723,616.40	25,695.83
Cooking Gas Expenses	9,360.00	9,360.00	0.00
Communication Expenses			
Postage and Deliveries	740.00	740.00	0.00
Telephone Expenses - Landline	174,520.76	174,520.76	0.00
Telephone Expenses - Mobile	663,955.82	663,955.82	0.00
Internet Expenses	126,201.50	126,201.50	0.00



	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
Cable, Satellite, Telegraph and Radio Expenses	18,768.59	18,768.59	0.00
Membership Dues and Contributions to Organizations	22,800.00	22,800.00	0.00
Advertising Expense	100,000.00	100,000.00	0.00
Printing and Binding Expenses	152,100.00	152,100.00	0.00
Professional Services			
Auditing Services	89,808.20	89,808.20	0.00
Environment/Sanitary Services	653,198.76	653,198.76	0.00
General Services	1,692,555.49	1,692,555.49	0.00
Janitorial Services	809,526.18	809,526.18	0.00
Security Services	375,125.00	375,125.00	0.00
Other Professional Services	2,707,862.58	2,707,862.58	0.00
Repairs and Maintenance			
Land and Improvements			
Repairs and Maintenance - Electrification, Power and Energy Structures	136,956.00	136,956.00	0.00
Buildings			
Repairs and Maintenance - Office Buildings	79,586.50	79,586.50	0.00
Repairs and Maintenance - School Buildings	486,234.99	9,830.00	476,404.99
Repairs and Maintenance - Hospitals and Health Centers	34,513.50	34,513.50	0.00
Repairs and Maintenance - Markets and Slaughterhouses	737,816.25	737,816.25	0.00
Repairs and Maintenance - Other Structures	339,836.00	313,598.00	26,238.00
Office Equipment, Furniture and Fixtures			
Repairs and Maintenance - Office Equipment	8,090.00	8,090.00	0.00
Repairs and Maintenance - Furniture and Fixtures	165,695.00	126,069.00	39,626.00
Repairs and Maintenance - IT Equipment and Software	16,800.00	16,800.00	0.00
Machineries and Equipment			
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	5,662.00	5,662.00	0.00
Repairs and Maintenance - Communication Equipment	28,744.00	28,744.00	0.00
Repairs and Maintenance - Construction and Heavy Equipment	3,273,483.10	3,273,483.10	0.00
Repairs and Maintenance - Firefighting Equipment and Accessories	41,250.00	41,250.00	0.00
Repairs and Maintenance - Other Machineries and Equipment	10,450.00	10,450.00	0.00
Transportation Equipment			
Repairs and Maintenance - Motor Vehicles	738,828.47	738,828.47	0.00

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
Repairs and Maintenance - Watercrafts	22,965.00	22,965.00	0.00
Public Infrastructures			
Repairs and Maintenance - Roads, Highways and Bridges	2,330,498.81	2,330,498.81	0.00
Repairs and Maintenance - Plazas, Parks and Monuments	116,705.00	116,705.00	0.00
Repairs and Maintenance - Irrigation Canals and Laterals	46,720.00	46,720.00	0.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses			
Confidential Expenses	40,337.25	40,337.25	0.00
Extraordinary Expenses	13,445.75	13,445.75	0.00
Taxes, Insurance Premiums and Other Fees			
Taxes, Duties and Licenses	33,435.90	33,435.90	0.00
Fidelity Bond Premiums	28,585.75	28,585.75	0.00
Insurance Expenses	482,269.00	482,269.00	0.00
Non-Cash Expenses			
Depreciation			
Land Improvements			
Depreciation - Land Improvements	2,369,476.08	2,364,202.56	5,273.52
Depreciation - Electrification, Power and Energy Structures	1,292,014.42	1,291,299.22	715.20
Buildings			
Depreciation - Office Buildings	551,238.04	524,553.04	26,685.00
Depreciation - School Buildings	525,269.36	343,201.22	182,068.14
Depreciation - Hospitals and Health Centers	126,562.44	126,562.44	0.00
Depreciation - Markets and Slaughterhouses	27,479.64	27,479.64	0.00
Depreciation -Other Structures	1,412,378.96	1,363,595.62	48,783.34
Office Equipment, Furniture and Fixtures			
Depreciation -Office Equipment	248,681.19	243,551.19	5,130.00
Depreciation -Furniture and Fixtures	594,653.99	581,679.16	12,974.83
Depreciation - IT Equipment	1,080,370.70	927,996.05	152,374.65
Depreciation -Library Books	2,112.95	2,112.95	0.00
Machineries and Equipment			
Depreciation - Agricultural, Fishery and Forestry Equipment	64,629.48	64,629.48	0.00
Depreciation -Communication Equipment	122,813.25	120,136.41	2,676.84
Depreciation -Construction and Heavy Equipment	2,562,011.70	2,562,011.70	0.00
Depreciation -Disaster Response and Rescue Equipment	327,178.71	327,178.71	0.00

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>
Depreciation - Medical, Dental and Laboratory Equipment	106,320.90	106,320.90	0.00
Depreciation - Military and Police Equipment	1,546.68	1,546.68	0.00
Depreciation - Sports Equipment	3,468.71	2,298.71	1,170.00
Depreciation - Technical and Scientific Equipment	324,562.14	324,562.14	0.00
Depreciation -Other Machineries and Equipment	174,587.79	159,995.79	14,592.00
Transportation and Equipment			
Depreciation - Motor Vehicles	626,700.51	626,700.51	0.00
Depreciation -Watercrafts	217,512.12	217,512.12	0.00
Depreciation -Other Transportation Equipment	1,332.00	1,332.00	0.00
Other Property, Plant and Equipment			
Depreciation- Other Property, Plant and Equipment	265,973.58	265,973.58	0.00
Other Maintenance and Operating Expenses			
Other Maintenance and Operating Expenses	11,305,483.22	10,423,161.61	882,321.61
Total Maintenance and Other Operating Expenses	<b>63,339,717.58</b>	<b>61,395,681.63</b>	<b>1,944,035.95</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>131,064,781.52</b>	<b>128,619,630.57</b>	<b>2,445,150.95</b>
Income before Subsidies, Donations and Extraordinary Items	<b>61,264,887.57</b>	<b>59,236,474.78</b>	<b>2,028,412.79</b>
Add: Subsidy from Other National Government Agencies	335,545.00	335,545.00	0.00
Total	<b>335,545.00</b>	<b>335,545.00</b>	<b>0.00</b>
Less: Subsidy to Local Government Units	70,000.00	70,000.00	0.00
Subsidy to Other Funds	5,259,588.79	5,259,588.79	0.00
Donations	5,271,611.65	5,271,611.65	0.00
Total	<b>10,601,200.44</b>	<b>10,601,200.44</b>	<b>0.00</b>
<b>EXCESS OF INCOME OVER EXPENSE</b>	<b>₱ 50,999,232.13</b>	<b>₱ 48,970,819.34</b>	<b>₱ 2,028,412.79</b>

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (By Fund)**  
**As of December 31, 2014**

	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Trust Fund</b>
<b>Cash Flows From Operating Activities</b>				
Cash Inflows				
Share from Internal Revenue Allotment	₱ 167,893,410.00	₱ 167,893,410.00	₱ 0.00	₱ 0.00
Collection from Taxpayers	35,142,565.22	30,895,950.93	4,246,614.29	0.00
Receipts from sale of goods and services	671,418.36	671,418.36	0.00	0.00
Other Receipts	42,832,860.18	3,912,553.61	0.00	38,920,306.57
<b>Total Cash Inflows</b>	<b>246,540,253.76</b>	<b>203,373,332.90</b>	<b>4,246,614.29</b>	<b>38,920,306.57</b>
Cash Outflows				
Payments to -				
Suppliers/Creditors	44,579,219.72	41,564,850.66	985,455.29	2,028,913.77
Employees	63,854,419.19	63,299,724.19	495,595.00	59,100.00
Other Payments	65,181,318.20	44,786,784.49	529,174.58	19,865,359.13
<b>Total Cash Outflows</b>	<b>173,614,957.11</b>	<b>149,651,359.34</b>	<b>2,010,224.87</b>	<b>21,953,372.90</b>
Cash Provided by (Used In)	<b>72,925,296.65</b>	<b>53,721,973.56</b>	<b>2,236,389.42</b>	<b>16,966,933.67</b>
<b>Cash Flows From Investing Activities</b>				
Cash Outflows				
Purchase of Property, Plant and Equipment and Public Infrastructures	(40,721,375.27)	(40,288,868.16)	(432,507.11)	0.00
<b>Total Cash Outflows</b>	<b>(40,721,375.27)</b>	<b>(40,288,868.16)</b>	<b>(432,507.11)</b>	<b>0.00</b>
Cash Provided by (Used In)	<b>(40,721,375.27)</b>	<b>(40,288,868.16)</b>	<b>(432,507.11)</b>	<b>0.00</b>
<b>Net Cash Provided By (Used In)</b>	<b>32,203,921.38</b>	<b>13,433,105.40</b>	<b>1,803,882.31</b>	<b>16,966,933.67</b>
Cash at the Beginning of the Period	120,498,213.08	95,879,422.84	1,213,927.53	23,404,862.71
<b>Cash at the End of the Period</b>	<b>₱ 152,702,134.46</b>	<b>₱ 109,312,528.24</b>	<b>₱ 3,017,809.84</b>	<b>₱ 40,371,796.38</b>

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES**  
**GENERAL FUND 2014**

CODE	FUNCTION/PROGRAM/PROJECT	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	BALANCES OF	
					APPROPRIATIONS	ALLOTMENTS
	<b>I CURRENT YEAR APPROPRIATIONS</b>					
<b>1000</b>	<b><u>GENERAL PUBLIC SERVICES</u></b>					
	PS	₱ 39,860,468.15	₱ 39,860,468.15	₱ 39,755,727.94	₱ 0.00	₱ 104,740.21
	MOOE	50,658,346.80	50,658,346.80	33,258,624.83	0.00	17,399,721.97
	CO	8,838,656.20	8,838,656.20	257,290.85	0.00	8,581,365.35
	<b>Subtotal</b>	<b>99,357,471.15</b>	<b>99,357,471.15</b>	<b>73,271,643.62</b>	<b>0.00</b>	<b>26,085,827.53</b>
<b>4000</b>	<b><u>HEALTH SERVICES</u></b>					
	PS	10,967,936.45	10,967,936.45	10,962,537.37	0.00	5,399.08
	MOOE	2,534,000.00	2,534,000.00	2,419,371.99	0.00	114,628.01
	CO	0.00	0.00	0.00	0.00	0.00
	<b>Subtotal</b>	<b>13,501,936.45</b>	<b>13,501,936.45</b>	<b>13,381,909.36</b>	<b>0.00</b>	<b>120,027.09</b>
<b>7000</b>	<b><u>SOCIAL WELFARE SERVICES</u></b>					
	PS	2,355,535.00	2,355,535.00	2,355,527.20	0.00	7.80
	MOOE	2,335,000.00	2,335,000.00	2,046,785.52	0.00	288,214.48
	CO	35,000.00	35,000.00	26,280.00	0.00	8,720.00
	<b>Subtotal</b>	<b>4,725,535.00</b>	<b>4,725,535.00</b>	<b>4,428,592.72</b>	<b>0.00</b>	<b>296,942.28</b>
<b>8000</b>	<b><u>ECONOMIC SERVICES</u></b>					
	PS	14,190,103.16	14,190,103.16	14,111,078.50		79,024.66
	MOOE	18,325,929.00	18,325,929.00	16,600,411.97		1,725,517.03
	CO	35,869,833.00	35,869,833.00	12,625,220.39	0.00	23,244,612.61
	<b>Subtotal</b>	<b>68,385,865.16</b>	<b>68,385,865.16</b>	<b>43,336,710.86</b>	<b>0.00</b>	<b>25,049,154.30</b>
	<b><u>TOTAL CURRENT YEAR APPROPRIATIONS</u></b>					
	PS	67,374,042.76	67,374,042.76	67,184,871.01	0.00	189,171.75
	MOOE	73,853,275.80	73,853,275.80	54,325,194.31	0.00	19,528,081.49
	CO	44,743,489.20	44,743,489.20	12,908,791.24	0.00	31,834,697.96
	<b>TOTAL</b>	<b>185,970,807.76</b>	<b>185,970,807.76</b>	<b>134,418,856.56</b>	<b>0.00</b>	<b>51,551,951.20</b>

CODE	FUNCTION/PROGRAM/PROJECT	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	BALANCES OF	
					APPROPRIATIONS	ALLOTMENTS
	<b>II CONTINUING APPROPRIATIONS</b>					
<b>1000</b>	<b><u>GENERAL PUBLIC SERVICES</u></b>					
	CO	7,078,687.59	7,078,687.59	2,044,060.94	0.00	5,034,626.65
	Subtotal	<b>7,078,687.59</b>	<b>7,078,687.59</b>	<b>2,044,060.94</b>	<b>0.00</b>	<b>5,034,626.65</b>
<b>4000</b>	<b><u>HEALTH SERVICES</u></b>					
	CO	50,203.00	50,203.00	0.00	0.00	50,203.00
	Subtotal	<b>50,203.00</b>	<b>50,203.00</b>	<b>0.00</b>	<b>0.00</b>	<b>50,203.00</b>
<b>7000</b>	<b><u>SOCIAL WELFARE SERVICES</u></b>					
	MOOE	560,000.00	560,000.00	329,440.50	0.00	230,559.50
	CO	63,983.00	63,983.00	4,100.00	0.00	59,883.00
	Subtotal	<b>623,983.00</b>	<b>623,983.00</b>	<b>333,540.50</b>	<b>0.00</b>	<b>290,442.50</b>
<b>8000</b>	<b><u>ECONOMIC SERVICES</u></b>					
	MOOE	513,556.50	513,556.50	0.00		513,556.50
	CO	50,396,401.10	50,396,401.10	28,935,541.61	0.00	21,460,859.49
	Subtotal	<b>50,909,957.60</b>	<b>50,909,957.60</b>	<b>28,935,541.61</b>	<b>0.00</b>	<b>21,974,415.99</b>
	<b><u>TOTAL CONTINUING APPROPRIATIONS</u></b>					
	MOOE	1,073,556.50	1,073,556.50	329,440.50	0.00	744,116.00
	CO	57,589,274.69	57,589,274.69	30,983,702.55	0.00	26,605,572.14
	<b>TOTAL</b>	<b>58,662,831.19</b>	<b>58,662,831.19</b>	<b>31,313,143.05</b>	<b>0.00</b>	<b>27,349,688.14</b>
	<b>GRAND TOTAL</b>					
	PS	67,374,042.76	67,374,042.76	67,184,871.01	0.00	189,171.75
	MOOE	74,926,832.30	74,926,832.30	54,654,634.81	0.00	20,272,197.49
	CO	102,332,763.89	102,332,763.89	43,892,493.79	0.00	58,440,270.10
		<b>₱ 244,633,638.95</b>	<b>₱ 244,633,638.95</b>	<b>₱ 165,731,999.61</b>	<b>₱ 0.00</b>	<b>₱ 78,901,639.34</b>

**Province of Oriental Mindoro**  
**MUNICIPALITY OF NAUJAN**  
**STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES**  
**SPECIAL EDUCATION FUND 2014**

CODE	FUNCTION/PROGRAM/PROJECT	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	BALANCES OF	
					APPROPRIATIONS	ALLOTMENTS
3000	<b>I CURRENT YEAR APPROPRIATIONS</b>					
	<b><u>EDUCATIONAL SERVICES</u></b>					
	PS	₱ 1,215,600.00	₱ 1,215,600.00	₱ 501,115.00	₱ 0.00	₱ 714,485.00
	MOOE	1,773,026.00	1,773,026.00	1,491,592.43	0.00	281,433.57
	CO	416,877.00	416,877.00	355,252.00	0.00	61,625.00
	Subtotal	<b>3,405,503.00</b>	<b>3,405,503.00</b>	<b>2,347,959.43</b>	<b>0.00</b>	<b>1,057,543.57</b>
	<b><u>TOTAL CURRENT YEAR APPROPRIATIONS</u></b>					
	PS	1,215,600.00	1,215,600.00	501,115.00	0.00	714,485.00
	MOOE	1,773,026.00	1,773,026.00	1,491,592.43	0.00	281,433.57
	CO	416,877.00	416,877.00	355,252.00	0.00	61,625.00
	<b>TOTAL</b>	<b>3,405,503.00</b>	<b>3,405,503.00</b>	<b>2,347,959.43</b>	<b>0.00</b>	<b>1,057,543.57</b>
	<b>II CONTINUING APPROPRIATIONS</b>					
	<b><u>EDUCATIONAL SERVICES</u></b>					
	CO	427,526.46	427,526.46	100,021.00	0.00	327,505.46
	Subtotal	<b>427,526.46</b>	<b>427,526.46</b>	<b>100,021.00</b>	<b>0.00</b>	<b>327,505.46</b>
	<b><u>TOTAL CONTINUING APPROPRIATIONS</u></b>					
	CO	427,526.46	427,526.46	100,021.00	0.00	327,505.46
	<b>TOTAL</b>	<b>427,526.46</b>	<b>427,526.46</b>	<b>100,021.00</b>	<b>0.00</b>	<b>327,505.46</b>
	<b>GRAND TOTAL</b>					
	PS	1,215,600.00	1,215,600.00	501,115.00	0.00	714,485.00
	MOOE	1,773,026.00	1,773,026.00	1,491,592.43	0.00	281,433.57
	CO	844,403.46	844,403.46	455,273.00	0.00	389,130.46

		<b>₱ 3,833,029.46</b>	<b>₱ 3,833,029.46</b>	<b>₱ 2,447,980.43</b>	<b>₱ 0.00</b>	<b>₱ 1,385,049.03</b>
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**Municipality of Naujan**  
**Analysis of Implementation of Programs/Projects/Activities - 20% Development**  
**Current Legislative Appropriation**  
**As of December 31, 2014**

<b>Program/Projects/ Activities</b>	<b>Location</b>	<b>Budget</b>
<b>Social Development</b>		
1. Const. of Manpower Dev't Center for NTC (additional appropriation)	Andres Ylagan	P 1,000,000.00
2. Other Structures - Const. of Multi-Purpose Hall	Barcenaga	500,000.00
3. Integrated Health Development Program		
a. Const. of Health Center	Gen. Esco	500,000.00
4. Water System Development Program	Balite	67,246.75
	Banuton	67,246.75
	Estrella	100,000.00
5. Electrification, Power & Energy Structures	Barcenaga	100,000.00
	Pinagsabangan II	106,763.00
6. BUB Projects (Local Counterpart)		
a. Construction of water & Sanitation Facilities	14 schools	148,235.00
<b>Economic Development</b>		
7. Road Development		
1.d. Construction of Footbridge	Bayani	500,000.00
3. Purchase of Heavy Equipment-Bulldozer (initial allocation)		256,341.00
4. b. Const. of Mutipurpose Drying Pavement	Melgar B	300,000.00
5. BUB Projects (LGU counterpart)		
a. Farm to Market Roads	So. Taguan, Herrera	277,777.00
b. National Rice Program (2units Harvester)		617,647.00
c. Rehabilitation of Irrigation System	Panikian	300,000.00
<b>Environmental Management</b>		
8. Solid Waste Management Program		
a. Reforestation- Upland (10Barangays)		71,983.00
b. Purchase of BN Backhoe w/ Dozer Blade		1,500,000.00
9. Irrigation/ Flood Mitigation Control		
a. Irrigation, Canals & Laterals	Poblacion I,II,III	1,500,000.00
b. Flood Controls	Santiago	500,000.00
<b>GRAND TOTAL</b>		P <b>8,413,239.50</b>

**ment Fund**

Remarks
not yet implemented
not yet implemented; with request from the PB for deferment
no available appropriate lot
not yet implemented
not yet implemented
not feasible
not yet implemented
not yet implemented
w/ POW; waiting for fund from NGA
not feasible
initial allocation only
no lot donation
w/ POW; waiting for fund from NGA
for bidding
w/ POW; waiting for fund from NGA
not yet started
not yet purchased
for bidding
already constructed by PGOM

**Municipality of Naujan**  
**Analysis of Implementation of Programs/Projects/Activities - 20% Development Fund**  
**Continuing Appropriation**  
**As of December 31, 2014**

RESPONSIBILITY CENTER	FUNCTIONS/PROGRAMS/PROJECTS/ACTIVITIES	ANNUAL BUDGET 2013	2013-01 SUPPLEMENTAL BUDGET	ANNUAL BUDGET 2012 & BELOW	TOTAL	Disbursements in CY 2014	Balance as of Dec. 31, 2014	Remarks
Slaughterhouse 29-08-15-03	(201) Land			2,000,000.00	2,000,000.00	0.00	2,000,000.00	negotiation with the land owner did not materialize
Solid Waste Mgt. 29-08-16-01	(202) Land Improvement Rehab. of Sanitary Landfill (215) Other Structures - MRF (230) Const. & Heavy Equipt.			165,000.00 18,755.83 150,206.60	165,000.00 18,755.83 150,206.60	0.00 0.00 0.00	165,000.00 18,755.83 150,206.60	
	SUB-TOTAL	-	-	333,962.43	333,962.43	0.00	333,962.43	
Poverty Reduction Dev't. Program 29-08-16-10	(201) Land  Lot for Health Center transferred from Pasalubong Center  Timbangang Bayan  (202) Land Improvement Establishment of Pasalubong Center  Inst. of Timbangang Bayan			435,000.00  4,500,000.00  300,000.00  250,000.00	435,000.00  4,500,000.00 4,935,000.00 300,000.00 250,000.00 550,000.00	11,400.00  0.00 11,400.00  0.00	423,600.00  4,500,000.00 4,923,600.00  550,000.00	disbursement of 11,400.00 pertains to survey of lot no lot available for sale in the target sites (Adrialuna and Sampaguita)     not yet implemented waiting for the availability of lot
	SUB-TOTAL	-	-	5,485,000.00	5,485,000.00	11,400.00	5,473,600.00	
Concreting of Roads & Alleys 29-08-16-12	(251) Roads, Highways and Bridges Road Dev't. Program BALANCE (for 34 barangays-CONLA) SUB-TOTAL	902,790.00		18,720.00 2,479,649.00	18,720.00 3,382,439.00	0.00 3,380,839.00	18,720.00 1,600.00	
	SUB-TOTAL	902,790.00	-	2,498,369.00	3,401,159.00	3,380,839.00	20,320.00	
Operation of NTC 29-08-16-14	(205) Electrification, Power and Energy Structures Elect. & Upgrading of Power Transformer  (212) School Building Improvement of NTC POW dtd 020712   Welding Laboratory  (254) Artesian Wells, Reservoirs, Pumping Stations & Conduits			500,000.00  449,608.00  1,600,392.00  110,000.00	500,000.00  449,608.00  1,600,392.00 2,050,000.00 110,000.00	0.00  0.00  0.00 0.00 0.00	500,000.00  449,608.00  1,600,392.00 2,050,000.00 110,000.00	not pursued because fund is not yet sufficient  not pursued because fund was intended for the construction of new building not for the improvement of the existing one  not yet implemented (needs additional appropriation )  not yet implemented
	SUB-TOTAL	-	-	2,660,000.00	2,660,000.00	0.00	2,660,000.00	
Water System Dev't. Program 29-08-16-17	(254) Artesian Wells, Reservoirs, Pumping Stations & Conduits  So. Centro & So. 4, Aurora So. Kanto, Nag-iba I WATSAN	27,600.50  200,000.00		2,520.00	27,600.50 2,520.00 200,000.00	0.00 0.00 0.00	27,600.50 2,520.00 200,000.00	intended for labor - not yet claimed  counterpart fund for Salintubig (BUB 2013)

	So. Sampaguita E/S,Sampaguita			15,005.00	15,005.00	0.00	15,005.00	
	So. Kasilihan, Sta. Isabel			4,670.00	4,670.00	0.00	4,670.00	Balance only
	So. Rambutan, Piñahan			9,434.00	9,434.00	0.00	9,434.00	Balance only
	So. Amuguis, Barcenaga			100,695.00	100,695.00	0.00	100,695.00	remaining balance only
								intended for labor - not yet
	So. Simbahan, San Jose			21,667.00	21,667.00	0.00	21,667.00	claimed
	Panikian			1,046.00	1,046.00	0.00	1,046.00	Balance only
	So. Gumamela, Bayani			47,582.50	47,582.50	0.00	47,582.50	Balance only
								intended for labor - not yet
	Metolza			2,786.00	2,786.00	0.00	2,786.00	claimed
								intended for labor - not yet
	Purok Abokado, Lanzones & Mangga, Piñahan			2,640.00	2,640.00	0.00	2,640.00	claimed
	So. Also, Barcenaga			12,630.50	12,630.50	0.00	12,630.50	
	Tagumpay			250,000.00	250,000.00	0.00	250,000.00	not yet implemented
	Balance	131.00		39,727.30	39,858.30	0.00	39,858.30	Balance only
	SUB-TOTAL	227,731.50	-	510,403.30	738,134.80	0.00	738,134.80	
Irrigation/Flood Mitigation Ctrl. 29-08-16-19	(855) R&M-Irrigation, Canals & Laterals Garong St., Poblacion 2			13,556.50	13,556.50	0.00	13,556.50	claimed claimed
	SUB-TOTAL	-	-	13,556.50	13,556.50	0.00	13,556.50	
Livelihood Program 29-08-16-23	(215) Other Structures Establishment of Women Livelihood Ctr.	1,000,000.00		1,000,000.00	1,000,000.00	0.00	1,000,000.00	unimplemented due to unavailability of lot
Electrification, Power & Energy 29-08-16-27	(805) R&M-Electrification, Power and Energy Structures Municipal Streetlights			500,000.00	500,000.00	0.00	500,000.00	unimplemented
	SUB-TOTAL	-	-	500,000.00	500,000.00	0.00	500,000.00	
Barangay Development Program 29-08-16-35	(230) Construction and Heavy Equipment Purchase of Heavy Equipment Purchase of Heavy Equipment	1,038,000.00 344,548.00		1,382,548.00	1,382,548.00		1,382,548.00	
	SUB-TOTAL	-	-	1,382,548.00	1,382,548.00	0.00	1,382,548.00	
Purchase of Heavy Equipment 29-08-16-37	(230) Construction and Heavy Equipment 1 unit Backhoe/Grader Additional Appropriation for Elf Truck	8,620,709.00		103,800.00	8,620,709.00 103,800.00	7,175,152.00 0.00	1,445,557.00 103,800.00	
	SUB-TOTAL	8,620,709.00	-	103,800.00	8,724,509.00	7,175,152.00	1,549,357.00	
Seawalls, Aqueducts, Riverwalls & Alleys 29-08-16-40	(257) Waterways, Aqueducts, Seawalls, Riverwalls Driving of 73 linear mtrs. concrete sheet piles - Estrella	1,000,000.00			1,000,000.00	0.00	1,000,000.00	not yet implemented, fund is insufficient to drive all sheet piles
	Evangelista (Riprapping of Bridge Approach)		400,000.00		400,000.00	0.00	400,000.00	The project was cancelled before it commenced due to damages caused by typhoon yolanda. As per findings of the Engineering Office, instead of implementing the riprapping of bridge's approach, the appropriate project should be rehabilitation of the damaged
	Rechanelling of Panggalaan River, So. Riverside, So. Pag-asa San Nicolas Portion of Bucayao and Panggalaan River			22,000.00 1,238,568.00	22,000.00 1,238,568.00	0.00 0.00	22,000.00 1,238,568.00	
	SUB-TOTAL	1,000,000.00	400,000.00	1,260,568.00	2,660,568.00	0.00	2,660,568.00	
Land Improvement 29-08-16-42	(202) Land Improvement Const. of Solar Dryer-Pinagsabangan II Const. of Solar Dryer-Pinagsabangan I	180,000.00		130,000.00	180,000.00 130,000.00	0.00 0.00	180,000.00 130,000.00	not yet implemented due to unavailability of donated lot
	SUB-TOTAL	180,000.00	-	130,000.00	310,000.00	0.00	310,000.00	
	GRAND TOTAL	10,931,230.50	400,000.00	17,878,207.23	29,209,437.73	10,567,391.00	18,642,046.73	

**Municipality of Naujan**  
**Analysis of Other Maintenance and Operating Expenses (OMOE)**  
**CY 2014**

<b>Particulars</b>	<b>Amount</b>	<b>Appropriate Expenses Account</b>
Total OMOE	<b>P 10,423,161.61</b>	
Less: Misclassified OMOE		
Representation		
Jane & Tisxa Rest-snacks during training of enforcers of anti smoking & solid waste management program	P 23,613.00	
Cucina Naujeños-meals & snacks during gender sensitivity training 05/14-15/14	17,200.00	
Cucina Naujenos-snacks served during Coop. Policy Formulation Seminar	21,244.00	
Cucina Naujeños-meals & snacks during mun flood summit	54,860.00	
Louibelle Rest.-snacks & lunch served during Supplementary Feeding Program orientation	25,886.00	
Cucina Naujenos-meals & snacks during training of SPMS	19,960.00	
Cucina Naujeños-meals & snacks during BLST & First Aid training Sept15-19'14	82,414.00	
Cucina Naujeños-meals & snacks during NCDC training	15,267.00	
Jane & Tisxa Res-meals & snacks during training of day care worker	19,570.00	
Cucina Naujeños-meals & snacks during orientation on gender & dev't coop	10,220.00	290,234.00 Training Expenses
Food Assistance	24,106.00	Donation
Financial Assistance	45,000.00	Donation
Althaea Ent-mat assistance used in fabrication stage decoration for araw ng naujan	28,395.00	Donation
5 Countries-basketball board with ring given to diff bgys	300,829.84	Donation
L Garea et al-labor for fabrication of basketball board w/ net @ diff bgys	77,000.00	Donation
Mun Treas of Pto. Galera-inter local health zone	75,000.00	
Rental	144,300.00	Rent Expense
Rental-transportation	132,851.00	Rent Expense
Others		
TEV	74,771.94	Travelling Expenses

E.Padua-25% of collections on parking fee	44,425.00	Other Professional Fee
Professional Fee	45,000.00	Other Professional Fee

Atty M Marcos-exp incurred lakbay aral in Albay	52,579.01	Travelling Expenses
Arleen Gutierrez-exp incurred during 3rd Municipal Development Council	411,350.00	Training Expenses
W. Arago Light & Sounds-sounds during talent night of Ms.Or.Mdo.Pageant	19,500.00	Rent Expense
Provincial Treasurer's Office-maintenance fee for Itax system	35,000.00	Repair and Maintenance Expenses
Island Sentinel-publication of ordinance comprehensive child delivery ordinance	57,600.00	Advertising Expenses
Island Sentinel-publication of Ord. creating the Mangyan Affairs Unit & Revising the Composition of MIPDAC	56,700.00	796,925.95 Advertising Expenses
Salaries & Wages - Casual	3,026,961.08	Other Professional Services or Environment/Sanitary Services
Overtime Pay	30,522.19	
Supplies	228,949.55	Supplies Expenses
RBNP Travel & Tours-transportation, foods, accomodation used during employees day 2014	713,900.00	Travelling Expenses
<b>Total Misclassified OMOE</b>	<b>5,914,974.61</b>	
<b>Adjusted Balance, OMOE</b>	<b>P 4,508,187.00</b>	

Analysis of Non-related Expenses charged to Special Education Fund  
For the period January-December 31, 2014

Date	Check No.	ObR No.	Payee	Particulars	Amount
1/21/2014	44447139	100-2014-04-03	Anna Carissa Maminta, et. al.	wages of district clerk-Jan. 2-17, 2014	5,060.00
2/5/2014	44447147	100-2014-04-04	Lolita Gozar, et. al.	wages of district clerk-Jan. 2-31,2014	20,700.00
2/18/2014	44447151	100-2014-04-06	Nina Carla Dipasupil, et. al.	wages of district clerk-Feb.1-15, 2014	2,300.00
3/10/2014	44447154	100-2014-04-07	Lolita Gozar, et. al.	wages of district clerk-Feb. 3-28, 2014	19,550.00
3/18/2014	44447156	100-2014-04-11	Nina Carla Dipasupil	wages of district clerk-March 1-15, 2014	2,300.00
4/2/2014	44447159	100-2014-04-12	Lolita Gozar, et. al.	wages of district clerk-March 3-31, 2014	21,620.00
4/23/2014	44447162	100-2014-04-15	Nina Carla Dipasupil	wages of district clerk-April 1-15, 2014	2,300.00
5/5/2014	44447164	100-2014-04-16	Lolita Gozar, et. al.	wages of district clerk-April 1-30, 2014	19,320.00
5/22/2014	44447167	100-2014-05-19	Nina Carla Dipasupil	wages of district clerk-May 1-15, 2014	2,300.00
6/2/2014	44447169	100-2014-06-29	Jennifer Caringal	wages of district clerk-May 2-31, 2014	4,830.00
6/2/2014	44447169	100-2014-06-30	Maria Alma Dacillo	wages of district clerk-May 2-31, 2014	4,830.00
6/10/2014	44447175	100-2014-06-36	Lolita Gozar	wages of district clerk-May 2-31, 2014	4,830.00
6/10/2014	44447176	100-2014-06-35	Nina Carla Dipasupil	wages of district clerk-May 16-31, 2014	2,530.00
6/13/2014	44447177	100-2014-06-39	Kimberly Ann Gaba	wages of district clerk-May 2-15, 2014	1,840.00
6/17/2014	44447180	100-2014-06-46	Nina Carla Dipasupil	wages of district clerk-June 1-15, 2014	2,070.00
7/2/2014	44447187	100-2014-07-72	Nina Carla Dipasupil, et. al.	wages of district clerk-June 2-30, 2014	9,430.00
7/7/2014	44447191	100-2014-07-77	Lolita Gozar	wages of district clerk-June 2-30, 2014	4,600.00
8/5/2014	44447216	100-2014-08-99	Pedro Castillo, et. al.	wages of district clerk-June 2-July 31, 2014	18,400.00
8/20/2014	44447223	100-2014-08-106	Nina Carla Dipasupil	wages of district clerk-Aug. 1-15, 2014	2,530.00
9/3/2014	44447230	100-2014-09-112	Lolita Gozar, et. al.	wages of district clerk-Aug. 1-31, 2014	11,730.00
9/29/2014	44447235	100-2014-09-122	Nina Carla Dipasupil	wages of district clerk-Sept. 1-15, 2014	2,070.00
10/7/2014	44447236	100-2014-10-123	Lolita Gozar, et. al.	wages of district clerk-Sept. 1-30, 2014	11,500.00
10/16/2014	44447241	100-2014-10-132	Nina Carla Dipasupil	wages of district clerk-Oct. 1-15, 2014	2,300.00
10/16/2014	44447241	100-2014-10-133	Gelenie Manibo	wages of district clerk-Sept. 22-30, 2014	1,610.00
11/4/2014	44447244	100-2014-11-141	Lolita Gozar, et. al.	wages of district clerk-Oct. 1-31, 2014	16,675.00
11/21/2014	44447254	100-2014-11-153	Nina Carla Dipasupil	wages of district clerk-Nov. 1-15, 2014	2,300.00
12/4/2014	44447260	100-2014-12-163	Lolita Gozar, et. al.	wages of district clerk-Nov. 1-30, 2014	11,270.00
12/4/2014	44447263	100-2014-12-183	Nina Carla Dipasupil	wages of district clerk-Dec. 1-15, 2014	2,300.00
N/A	N/A	100-2014-12-193	Lolita Gozar, et. al.	wages of district clerk-Dec. 16-31, 2014	5,520.00



12/4/2014	44447263	100-2014-12-179	Lolita Gozar, et. al.	cash gift of district clerks	16,000.00
3/10/2014	44447155	200-2014-04-05	Bella M. Labay	electricity of NSD-January 2014	3,598.67
3/25/2014	44447158	200-2014-04-09	Bella M. Labay	electricity of NSD-February 2014	2,066.32
5/5/2014	44447163	200-2014-04-13	Bella M. Labay	electricity of NSD-March 2014	3,421.92
5/8/2014	44447166	200-2014-05-17	Bella M. Labay	electricity of NSD-April 2014	5,166.81
6/24/2014	44447184	200-2014-06-40	Rafael G. Manalo	electricity of NSD-May 2014	5,826.51
7/17/2014	44447199	200-2014-07-79	Rafael G. Manalo	electricity of NSD-June 2014	5,615.60
2/4/2014	44447146	300-2014-01-01	La Ultra Gen. Mdse.	1 unit steel cabinet in NED	9,000.00
7/23/2014	44447208	300-2014-06-56	Mindeus Enterprises	1 unit printer in NED	8,900.00
8/26/2014	44447226	300-2014-08-103	Aren Computer	1 unit projector in NED	21,600.00
<b>Total</b>					<b><u>299,810.83</u></b>

## Annex H

## Charged Account

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**CHECKLIST FOR REQUIREMENTS OF SOLID WASTE MANAGEMENT PLAN**

Name of Agency:

**MUNICIPALITY OF NAUJAN**

COMPONENTS:			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Remarks	
			1 Background Information
√			a City or Municipal Profile
√			i) Estimated population of each barangay within the city or municipality and population projection for a 10-year period;
√		The map did not include the dump sites, landfills and other solid wastes facilities.	ii) Illustration or map of the city/municipality, indicating locations of residential, commercial, and industrial centers, and agricultural area, as well as dump sites, landfills and other solid waste facilities. The illustration shall indicate as well, the proposed sites for disposal and other solid waste facilities;
√			iii) Estimated solid waste generation and projection by source, such as residential, market, commercial, industrial, construction/demolition, street waste, agricultural, agro-industrial, institutional, other wastes; and
√			iv) Inventory of existing waste disposal and other solid waste facilities and capacities; including an inventory of existing equipment used for collection and the number of people involved in solid waste management, in order that the budget required to implement plans and cost estimations, be calculated.
√		updating	2 Waste Characterization
			3 Collection and Transfer
			a Geographic subdivisions to define the coverage of the solid waste collection area in every barangay
	X		i) Availability and provision of properly designed containers or receptacles in selected collection points for the temporary storage of solid waste while awaiting collection and transfer to processing sites or to final disposal sites;
	X		ii) Segregation of different types of solid waste for re-use, recycling and composting;
√			iii) Hauling and transfer of solid waste from source or collection points to processing sites or final disposal
	X		iv) Issuance and enforcement of ordinances to effectively implement a collection system in the barangay;
√			v) Provision of properly trained officers and workers to handle solid waste disposal.
			4 Processing
√		MRF located in the disposal area is the only processing facility of the municipality.	a Methods and the facilities required to process the solid waste, including the use of intermediate treatment facilities for composting, recycling, conversion and other waste processing systems
			5 Source Reduction
√			a strategies in reducing the volume of solid waste generated at source;
√			b measures for implementing such strategies and the resources necessary to carry out such activities;
	X		c other appropriate waste reduction technologies that may also be considered, provided that such technologies conform with the standards set pursuant to RA 9003;
	X		d the types of wastes to be reduced pursuant to Section 15 of RA 9003;
	X		e the methods that the LGU will use to determine the categories of solid wastes to be diverted from disposal at a disposal facility through re-use, recycling and composting;
	X		f new facilities and of expansion of existing facilities which will be needed to implement re-use, recycling and composting
			6 Recycling
	X		a The types of materials to be recycled under the programs
	X		b The methods for determining the categories of solid wastes to be diverted from disposal at a disposal facility through recycling;
	X		c New facilities and expansion of existing facilities needed to implement the recycling component.
	X		d Evaluation of the feasibility of procurement preferences for the purchase of recycled products
	X		e Evaluation of industrial, commercial, residential, agricultural, governmental, and other curbside, mobile, drop-off, and buy-back recycling programs, manual and automated materials recovery facilities, zoning, building code changes and rate structures which encourage recycling of materials
			7 Composting
	X		a The types of materials which will be composted under the programs
	X		b The methods for determining the categories of solid wastes to be diverted from disposal at a disposal facility through composting;

	X		c New facilities, and expansion of existing facilities needed to implement the composting component.
	X		d Description of methods for developing the markets for composted materials, including, but not limited to, an evaluation of the feasibility of procurement preferences for purchase of composted products.
			8 Solid Waste Facility and Final Disposal
			a Projection of the amount of disposal capacity needed to accommodate the solid waste generated, reduced by the following:
	X		i) Implementation of source reduction, recycling, and composting programs required in this Section or through implementation of other waste diversion activities
√			ii) Any permitted disposal facility which will be available during the 10-year planning period
		Not Applicable	iii) All disposal capacity which has been secured through an agreement with another LGU, or through an agreement with a solid waste enterprise.
√			b Identification of existing and proposed disposal sites and waste management facilities in the city or municipality or in other areas.
	X		c Specification of the strategies for the efficient disposal of waste through existing disposal facilities and the identification of prospective sites for future use.
			9 Education and Public Information
√			a Description of how the LGU will educate and inform its citizens about the source reduction, recycling, and composting programs.
			10 Special Wastes
√		Hospital wastes are disposed in the respective septic tanks	a Inclusion of existing waste handling and disposal practices for special waste or household hazardous wastes, and the identification of current and proposed programs to ensure the proper handling, re-use, and long-term disposal of special wastes.
			11 Resource Requirement and Funding
	X		a Identification and description of project costs, revenues, and revenue sources the LGU will use to implement all components of the LGU solid waste management plan.
	X		b Indicate specific projects, activities, equipment and technological requirements for which outside sourcing of funds or materials may be necessary to carry out the specific components of the plan
	X		c Define the specific uses for its resource requirements and indicate its costs.
	X		d certain resource requirements are being or will be sourced from fees, grants, donations, local funding and other means
			12 Privatization of Solid Waste Management Projects
	X		a Indicate specific measures to promote the participation of the private sector in the management of solid wastes, particularly in the generation and development of the essential technologies for solid waste
	X		b Identification and promotion of specific projects or component activities of the plan which may be offered as private sector investment activity
	X		c Provision and establishment of appropriate incentives for private sector involvement in solid waste management
			13 Incentive Programs
	X		a Inclusion of a program providing for incentives, cash or other wise, which shall encourage the participation of concerned sectors

Legend:



Included



Not included